

Senate Hearing on Lake Lapses Into Bickering

By Tim Weiner
New York Times Service

WASHINGTON — The Senate intelligence committee has dissolved into angry bickering over its own conduct in the confirmation hearings for Anthony Lake, President Clinton's nominee for director of central intelligence.

Over three days of hearings, the committee has spent relatively little time eliciting Mr. Lake's views on running the \$30-billion-a-year U.S. intelligence empire.

Instead, the members have asked Mr. Lake about his belief in the guilt of Alger Hiss, the State Department official suspected of spying and convicted of perjury in 1950, how quickly he thinks Russia can rearm nuclear missiles, which are not now aimed directly at the United States; and, at great length, about

his well-documented decision to do nothing about Iran's arms shipments to Bosnia's Muslims in 1994, and to keep the decision secret from Congress.

The questioning was often pointed and occasionally personal. When Mr. Lake objected Thursday to having his integrity impugned, Senator James Inhofe, Republican of Oklahoma, said: "I really think you have mastered the art of righteous indignation."

On Thursday, Senator Bob Graham, Democrat of Florida, said that he had had enough. "I'm afraid that we are not distinguishing ourselves," he said.

The committee's questioning of Mr. Lake about the Iran-Bosnia imbroglio was "disingenuous," he said. All the members knew what had happened, he said; they had investigated it for seven months last year.

Indirectly addressing the committee's chairman, Richard Shelby, Republican of Alabama, and the vice chairman, Bob Kerrey, Democrat of Nebraska, Mr. Graham said the committee had failed two tests: "Whether we could conduct a bipartisan, rational hearing on the qualifications of this nominee," and "whether there would be a balance between the rear-view mirror of what has happened in the past and looking out the windshield at what was going to happen in the future."

The hearing at one point involved shouting, but after tempers cooled, Mr. Graham said: "I don't think it's necessary to be run over several times by the truck in order to appreciate what it's like to be run over by the truck. I would like therefore to use my remaining time to look out the front windshield at the future of the CIA."

For a few minutes, he did, and Mr. Lake responded. The CIA pool of talent, particularly

in languages and cultural knowledge, "is getting very thin," he said.

The confirmation hearings for Mr. Lake, Mr. Clinton's national security adviser from 1993 through 1996, were contentious before they began. Mr. Shelby has demanded the FBI's raw and unedited background files on Mr. Lake and predicted "a firestorm" over the files when Mr. Lake's nomination reaches the Senate floor. That demand sorely displeased two committee members, Mr. Kerrey and Richard Lugar, Republican of Indiana.

The hearing is scheduled to resume in open session Tuesday and to continue through Thursday. It is unclear when the committee will vote, then when the full Senate will decide whether Mr. Lake becomes the third director of central intelligence of the Clinton administration and the fifth in the last six years.

Emigré, 18, From Russia Held in Death Of Cosby Son

By William Claiborne
Washington Post Service

LOS ANGELES — An 18-year-old Russian émigré is being held in the roadside shooting death of Bill Cosby's son two months ago, an apparently random killing during a botched robbery attempt.

The suspect was identified by Police Chief Willie Williams as Mikhail Markasev, who emigrated to the United States eight years ago and has "some criminal history" but is not believed to be linked to a ring of immigrant Russian car thieves, as originally suspected.

Ennis Cosby was shot to death Jan. 16 while he was changing a tire on his \$130,000 Mercedes-Benz convertible on a secluded stretch of freeway access road above the exclusive village of Bel-Air.

Mr. Williams said Mr. Markasev was arrested after a tipster provided information through the National Enquirer, a supermarket tabloid, in hopes of claiming a \$100,000 reward.

"It was happenstance. Mr. Cosby was there and the gentlemen passed by," Mr. Williams said, referring to Mr. Markasev. The police have "no information that would tie him into a Russian mob or the Russian mafia or anything like that," Mr. Williams said, adding that robbery was the apparent motive.

The chief, who said Mr. Markasev would be charged with murder Friday, also said that the police believe they "have the one person involved in the shooting," and that they were not looking for another suspect. Two other people were questioned but were released, Mr. Williams said.

The slaying of Mr. Cosby, a 27-year-old doctoral candidate in special education at Columbia University who had struggled with dyslexia, prompted a massive outpouring of sympathy for his father, the television entertainer, and hundreds of telephone tips to the police.

A family spokesman said that Mr. Cosby and his wife, Camille, were greatly relieved by the arrest.

"I sense a real sense of triumph, exuberance and something along the lines of some sort of closure," David Brokaw said.

Although he had led an intensely private life, Ennis Cosby was the inspiration for Theo Huxtable, the television son on "The Cosby Show," and a constant source of material in his father's routines in a situation comedy that helped redefine television's portrayal of African-American families in the 1980s.



Eureka! Lili Roberts celebrating victory in Mamaroneck, New York.

Swept by Beanbag Mania

New Toy Sparks a Firestorm of Consumerism

New York Times Service

NEW YORK — Who are Pouch the kangaroo, Nuts the squirrel and Fleece the lamb? And why are they driving parents crazy? They are oew Beanie Babies, a batch of toys that kids and parents will go to absurd lengths to buy — and buy and buy.

The colorful, plush-covered, fist-sized beanbags that come in (so far) 77 animal shapes have swept from Chicago to California and New York in a word-of-mouth firestorm the likes of which many toy merchants say they have never seen.

"This is the hottest product that has ever appeared in retailing — period," said David Marks, owner of Learning Express. He sells up to 2,000 a day.

Though a single model costs only

\$5, the manufacturer shrewdly retires a few periodically, heightening the frenzy to acquire them.

"I've been in the business 30 years and I've never seen an item like this," said Steve Josephson, owner of the Toy Box in Mamaroneck, New York, who has dealt with other hot sellers, like Cabbage Patch Kids.

The maker, Ty Inc. of Oakbrook, Illinois, declined to provide sales figures, but Forbes magazine estimated Beanie sales last year at \$250 million. A Ty spokesman said sales this year are running at 10 times last year's.

"I had one customer who told me her car was broken into because she had a retired Beanie Baby sitting on the dashboard," Mr. Marks said. The thief left the radio.

lic's help, ops have helped the FBI identify seven people believed to have been in Atlanta's Centennial Olympic Park just before last summer's deadly bombing. Those identified included three people sitting near the blast site and a man videotaped near the park entrance apparently wearing a military-style backpack.

Cleve McDowell, who in 1963 became the second black student to enroll at the University of Mississippi, was found shot to death at his home in Drew, Mississippi, police said. He was 56. (AP)

Away From Politics

For the first time in its 150-year history, the U.S. Postal Service is straying from the traditional square/rectangular stamp format to introduce a line of 32-cent triangular stamps. The stamps named Pacific 97 after a major international stamp show scheduled for May in San Francisco, feature a mid-19th century clipper ship against a blue background in one version and a U.S. mail stagecoach against red in another. (AP)

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Holy Communion 9 & 11 a.m. Sunday School 10:30 a.m. 11:30 a.m. 12:30 p.m. 3, 23, 25, 27, 29, 31, 33, 35, 37, 39, 41, 43, 45, 47, 49, 51, 53, 55, 57, 59, 61, 63, 65, 67, 69, 71, 73, 75, 77, 79, 81, 83, 85, 87, 89, 91, 93, 95, 97, 99, 101, 103, 105, 107, 109, 111, 113, 115, 117, 119, 121, 123, 125, 127, 129, 131, 133, 135, 137, 139, 141, 143, 145, 147, 149, 151, 153, 155, 157, 159, 161, 163, 165, 167, 169, 171, 173, 175, 177, 179, 181, 183, 185, 187, 189, 191, 193, 195, 197, 199, 201, 203, 205, 207, 209, 211, 213, 215, 217, 219, 221, 223, 225, 227, 229, 231, 233, 235, 237, 239, 241, 243, 245, 247, 249, 251, 253, 255, 257, 259, 261, 263, 265, 267, 269, 271, 273, 275, 277, 279, 281, 283, 285, 287, 289, 291, 293, 295, 297, 299, 301, 303, 305, 307, 309, 311, 313, 315, 317, 319, 321, 323, 325, 327, 329, 331, 333, 335, 337, 339, 341, 343, 345, 347, 349, 351, 353, 355, 357, 359, 361, 363, 365, 367, 369, 371, 373, 375, 377, 379, 381, 383, 385, 387, 389, 391, 393, 395, 397, 399, 401, 403, 405, 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Impoverished Zairians Pin Their Economic Hopes on Rebel Movement

By James C. McKinley Jr.
New York Times Service

GOMA, Zaire — Ten years ago, Sylvia Kazuba worked as a teacher. Then the Zairian government stopped paying civil servants, and her husband asked her to sell goods in a local market to make ends meet.

Now she spends all day squatting on a filthy street, selling cassava flour to scrape together \$20 a month. It is just enough to feed, clothe and educate her seven children. Her husband still teaches, relying on occasional charity from parents. "With the small money I get here, I'm able to feed the children," said the merchant, 38. "But it's difficult."

More than anything else, the rebellion sweeping eastern Zaire has been fueled by economic hardship. Throughout this resource-rich land, people are furious with President Mobutu Sese Seko for driving what should be a prosperous nation into abject poverty.

While rebel forces have racked up a string of military successes and are threatening Kisangani, Zaire's third-largest city, the real test for the rebel leader, Laurent Kabila, will be how he administers the government and handles the economy in the long run, many Zairians here say. It appears that Mr. Kabila is serious about

overhauling the civil service, stamping out corruption and inviting investment from abroad. In Goma, the rebel headquarters, his administration has fixed roads, restored electricity and lowered duties on most imports and exports in the last three months. The rebel government also has arrested several customs officials and one doctor on charges of soliciting bribes.

Banks are open in rebel-held cities for the first time since 1991, thanks to deposits in dollars from the rebel Treasury, officials say. Ports have been reopened on Lake Tanganyika, and most days border posts with Uganda and Rwanda are thronged with importers and exporters. Some foreign-owned businesses have returned after fleeing in October: the Heineken brewery in Bukavu, the coffee and lumber mill in Beni, the sugar refinery in Uvira, and a Belgian shipping company in Goma.

The finance minister, Mwana Mawampanga, a former economist at the University of Kentucky, said the rebels plan in the coming months to cut the public workforce by 10 percent, eliminate hundreds of no-show jobs, raise salaries and begin paying public servants.

As for runaway inflation, Mr. Mawampanga said the solution was simple: "We have to stop

printing money and to manage whatever we have more efficiently."

"All we need to do is impose on ourselves a strict discipline in terms of how we manage the public funds," he added. "The first thing is to restore the confidence in the monetary policy and the banks."

That may be easier said than done. Mr. Kabila inherited a fiscal disaster. Under Marshal

shoes," he said. "We want a government that can give us jobs because to stay in the world without a job is horrible."

Ranking members of the ruling party were seldom short of cash. Marshal Mobutu's Treasury printed tons of worthless currency and distributed through local political officials, who used it to buy whatever they wanted.

"It was a very organized form of thievery," said a local missionary. "They printed money and handed it out to party officials." The result was rampant inflation. By the time the new notes trickled down to the average Zairian, they were worth next to nothing.

"This is a government that has driven people into absolute poverty," the missionary said.

Perhaps Marshal Mobutu's greatest folly was not paying his soldiers. The army went on looting hinges as a result, nearly bringing the government to the point of collapse in 1991.

The failure to pay the military has been the chief reason government forces have put up so little resistance in towns the rebels hold. Two weeks before the rebels captured Kinshasa in late February, the 3,000 soldiers garrisoned there marched through the streets, chanting: "We won't die for 100,000 Zaires a month!" They

pulled out three days before the rebels arrived.

Marshal Mobutu also spent so little on infrastructure that most of the country's roads are nearly impassable. Its rail lines, airports and ferries are outdated, overloaded and decrepit.

"We inherited a catastrophe," said Valentine Balumunusi, the vice governor of North Kivu. "The main problem is to organize a big country which was abandoned for a long time. We have to begin again from the beginning."

Despite the rebel administration's efforts, the life of Mrs. Kazuba and others has not changed much since the rebellion began last October. If anything, the crackdown on official corruption has meant people have less money.

Yet Mr. Kabila's popularity is rising. That may be because many people in Zaire were used to living with little or no money. Now, at least, they dream of a time when Mr. Kabila will reignite the economy. "We have hope," said Athanasie Kahanya, a provincial director of North Kivu.

■ Mobutu to Return From France

President Mobutu will return home from France on Monday, Reuters reported Friday. Banza Mukalay, deputy president of Marshal Mobutu's Popular Revolutionary Movement, said it was not clear whether the leader would return to the capital, Kinshasa, or to his palace at Gbadolite.

National Front Is Chased From Paris Book Fair

By Charles Trueheart
Washington Post Service

PARIS — The low-key literary commerce of the annual Paris book fair erupted in ugly shouting and overturned furniture when protesters demolished a display of books sponsored by the extreme-right National Front party and drove its exhibitors from the fair.

The National Front and its ideas "have no place" here, declared a manifesto from Ras l'Front, a group fighting the anti-immigrant party. It said that those who ban books in the towns they run are "the inheritors of those who burned books 60 years ago."

"By what right do they come to disseminate their words of hate?" it asked.

The National Front, whose support in national polls stands at around 15 percent, has won mayoral victories in four small French cities. In those cities, books the new mayors find objectionable have been pulled from municipal library shelves.

The attack on the publishers at the usually decorous Salon du Livre, according to members of the eviction squad, was sauce for the gander. "There is no liberty for the enemies of liberty," wrote a novelist, Dan Franck, in the Friday issue of Liberation.

After a demonstration organized by Ras l'Front outside the Salon du Livre exposition Thursday, a group of several dozen activists went inside and surrounded a tiny booth run by the Societe Anonyme National Hebdo, a first-time exhibitor whose address matches that of a local National Front office. The booth featured works by ideologues and historians whose xenophobic views mirror the party's.

Surrounding the society's half-dozen representatives, the protesters threw coffee at them, knocked their books to the floor and finally kicked over the display tables, according to news reports.

Neither police nor security personnel at the exposition hall appeared. The beleaguered publishers made a hasty exit through a nearby emergency door.

The incident drew cautious reactions from the publishing community.

"The first duty of an editor in a democracy is to agitate for free expression," Jerome Lindoo of Editions de Minuit said in an interview with the daily newspaper Le Monde. "But we shouldn't give our adversaries weapons."

He added: "Freedom of expression carries risks."

The gains by the National Front have begun to mobilize the French left. It has seized on extreme nationalist remarks made recently by Catherine Megret, the newly elected National Front mayor of Versailles, in southern France, who is also the wife of the party's second-in-command.

"Ask anyone," she said to a German newspaper reporter, "and they'll tell you there are differences between the races, and it's not racist to say so."

He added that "a coalition of those willing" to take action should be organized by governments belonging to the European Union or the 54-nation Organization for Security and Cooperation in Europe.

The acting chairman of that organization, Foreign Minister Niels Helveg Petersen of Denmark, summoned members to an emergency meeting Saturday in Vienna.

He said that an "international stabilization force" was needed to end the anarchy. "I believe we need military troops," he said.

He pledged to investigate possibilities of setting up such a force and added: "Speed is decisive."

(President Jacques Chirac said Friday that he was deeply concerned about the situation in Albania and wanted the European Union to contribute to any operation to enforce a political settlement, Reuters reported from Montevideo, Uruguay, where the French president was visiting.)

"France thinks the Europeans must take responsibility," his spokeswoman quoted him as having said.

Senior NATO diplomats said Italy had made similar payments, authorities were conducting inspections at other major brokers, including Daiwa Securities, Yamaichi Securities and Nikko Securities, Mr. Mitsuzuka said.

Local media reported the gangster-linked client at the center of the Nomura scandal also held accounts at other leading securities houses. The brokerages could not be reached for comment.

The looming deregulation of Japan's coddled financial sector means the latest scandal can hardly have come at a worse time for Nomura. Over the next four years, many of the barriers protecting Japan's brokerage industry, such as fixed commissions, will be dismantled through a series of reforms modeled on London's "Big Bang."

But instead of preparing to fend off



French soldiers pushing away Albanians from helicopters sent to evacuate French citizens from the country.

EUROPE: Lack of Action on Albania

Continued from Page 1

swept into Italy when the Communist regime collapsed at home in 1991. On Friday, hundreds of Albanians were again arriving in Italy in a flotilla of rusting gunboats, fishing vessels and launches.

Ethnic Albanians form a majority in Serbia's tense Kosovo Province and large Albanian communities also live in Greece and Macedonia.

Franz Vranitzky, the former Austrian chancellor who is trying to mediate the crisis, contended that order could be restored only with help from abroad.

Mr. Vranitzky, who was forced to cancel a trip to Tirana because of the uncertain security situation, held consultations Friday aboard the Italian frigate Aliseo in the Adriatic with Albanian government leaders.

"They pointed out that the Albanian crisis is not a civil war," Mr. Vranitzky said. "It is chaos and anarchy, and they believe they can overcome it if there is support from abroad."

He added that "a coalition of those willing" to take action should be organized by governments belonging to the European Union or the 54-nation Organization for Security and Cooperation in Europe.

The acting chairman of that organization, Foreign Minister Niels Helveg Petersen of Denmark, summoned members to an emergency meeting Saturday in Vienna.

He said that an "international stabilization force" was needed to end the anarchy. "I believe we need military troops," he said.

He pledged to investigate possibilities of setting up such a force and added: "Speed is decisive."

(President Jacques Chirac said Friday that he was deeply concerned about the situation in Albania and wanted the European Union to contribute to any operation to enforce a political settlement, Reuters reported from Montevideo, Uruguay, where the French president was visiting.)

"France thinks the Europeans must take responsibility," his spokeswoman quoted him as having said.

Senior NATO diplomats said Italy

and Greece urged the alliance to take a stronger military response before the chaos in Albania spreads beyond the borders.

But the diplomats said that, with some 30,000 NATO-led troops already patrolling Bosnia, there was no willingness among other member states to undertake new peacekeeping responsibilities.

Britain and Germany say that their armed forces have been stretched by the existing duties in Bosnia and that there is no public clamor for urgent action in Albania.

France's calls for an intervention force to be sent to Zaire to alleviate a humanitarian crisis caused by civil war have been ignored.

"The painful truth is that Europe is not ready to take on such missions because governments have neither the capacity to carry them out nor the will to do so," said a senior NATO diplomat.

"This alliance has shown time and again that unless the United States takes the lead, then nothing gets done."

In the Albanian crisis, the EU's response has again been limited to a display of hand-wringing.

After two days of consultations, officials representing the 15 member governments issued a statement Friday that merely expressed "grave concern" at the breakdown of civil order in Albania.

MONACO: Weary of Papparazzi 'Hunt,' Rainier Dreams of an End to Grimaldi Troubles

Continued from Page 1

The paparazzi reportedly got \$1.5 million for the photographs of Princess Stephanie's then-husband, but the prince said, "I think the best thing is just to ignore it."

The prince's troubles began with the death of his American-born wife, Grace Kelly, the former actress, who died after a car accident in 1952. For almost 10 years he has been denying rumors that he would step down in favor of his son, whom his father recently named to head Monaco's delegation to the United Nations.

"I've talked about the succession at length with Albert," Prince Rainier said.



Justine Palette, left, an 81-year-old French citizen who has lived in Albania since 1939, waiting with her husband, Xhavit Gjata, for a French army helicopter to take them away to safety on Friday.

"But it has to be something gradual, and it's also a question of marriage. He has to pick a wife and settle down and establish a family."

What does Prince Albert have to say to that? "He gets very cross with me," Prince Rainier acknowledged. "He says, 'I've seen enough disasters around me with people who've married too quickly.'"

Most of Prince Rainier's subjects seem to sympathize with the family, and thousands turned out in the rain on Jan. 8 for the start of 700th-anniversary celebrations that will continue throughout the year.

"They're regular people," said the

owner of an Italian café near the casino, "and they've been good to us."

The prince guarantees all his 5,000 subjects lifetime employment. But over the years his highly publicized family has had almost as many ups and downs as Monaco itself, a palmy, clean place that W. Somerset Maugham once described as "a sunny spot for shady people."

Four years ago, after a complaint by an Italian industrialist about strong-arm tactics used to recover loans to gamblers at the casinos, Prince Rainier ordered an investigation of the Societe des Bains de Mer, the state-owned company set up in 1866 to provide an economic base.

The inquiry revealed that an affiliate

French Court Blames Pilot in 1988 Crash

Reuters

COLMAR, France — A French court on Friday sentenced the pilot of an Airbus Industrie airliner that crashed at a 1988 air show, killing three people, to six months jail for manslaughter with another 12 months suspended.

The verdict vindicated Airbus, the plane's makers, blaming human error and irresponsibility by the airline, Air France, for the disaster.

of the company was paying commissions to strong-arm agents to find and lend gambling money to customers, who were threatened and beaten to pay it back if they lost.

Two company officials and three recruiters were arrested in the scandal. More recently, the company suspended 14 more employees, including a chief croUPIER, on suspicion of helping certain customers at the Café de Paris make big winnings in exchange for kickbacks. Ten were tried on various charges last month, with the prosecutors requesting an eight-month jail sentence and a heavy fine for the chief croUPIER.

The prince is the principal stockholder in the company, which appointed a new director general, Michel Novatio, a French citizen, late last year.

"No doubt about it, we had to stop using banking agents," Mr. Novatio said. The Monte Carlo casinos, like American ones, still use recruiting agents to bring in paying customers. Here, most of them have traditionally come from nearby Italy.

"Everybody sees the Mafia in things like this," Mr. Novatio said, "but I have never seen a problem with organized crime in seven years in this business."

With gambling far behind tourism, light industry, banking and other services as a source of income, Monaco is counting on things like a new convention center under construction on the Mediterranean to keep the Grimaldi family business going strong into the 21st century.

"The miracle that after 700 years the family is still there," Prince Rainier said, "shows that there's been unity between my family and the population."

U.S. Trial Sets Out to Navigate Maze of Mexico Bribery Tales

By Roberto Suro
Washington Post Service

HOUSTON — The cash arrived at the bank in suitcases, hundreds of thousands of dollars in wads of \$20 bills wrapped with rubber bands, and after 25 deposits it totaled \$9,041,598.

In a federal court trial here, Mario Ruiz Massieu, a Mexican diplomat, author and attorney, is claiming that the money came from family businesses and that he put it in his account at the Texas Commerce Bank to protect it from financial turmoil in Mexico.

U.S. prosecutors argue the cash came from bribes paid by the biggest drug cartels in Mexico so that Mr. Ruiz Massieu, while he was deputy attorney general in 1993 and 1994, would protect their operations from law enforcement. The prosecutors are seeking to seize \$9 million from Mr. Ruiz Massieu because they say it resulted from illegal drug trafficking to the United States.

On Thursday, Mr. Ruiz Massieu testified that former President Carlos Salinas de Gortari had \$82 million in a secret fund that he used to lavish fa-

vorite employees. Mr. Ruiz Massieu said that he was one of the recipients of Mr. Salinas's generosity and that this partly explained how more than \$9 million landed in his Houston bank account.

Mr. Ruiz Massieu's father, Armando Ruiz Quintanilla, testified that of the \$9 million in the account, he gave his son \$2 million, and said that another \$5 million came from Mr. Ruiz Massieu's brother.

Although Mr. Ruiz Massieu is not accused of any crimes here, he played such a pivotal role in Mexico's recent political crises that a verdict against him may incriminate other important figures, witnesses said this week.

The drug bribes went "all the way to the top in Mexico City," said a co-accused trafficker, Juan Antonio Ortiz, who testified that he was able to smuggle tons of cocaine across the border without fear of interference from Mexican authorities.

Other prosecution witnesses, including U.S. investigators and other Mexicans who have become informants, have depicted a kind of corruption so casual it seemed almost routine that

senior police officers would receive bundles of cash.

Raul Macias, a former aide to a Mexican police commander, said he saw Mr. Ruiz Massieu accept two suitcases of bribe money on the street in front of federal police headquarters in Mexico City in 1994. But, in three days of prosecution testimony, he was the only witness directly linking Mr. Ruiz Massieu to the drug trade.

In the second phase of the proceedings, Mr. Ruiz Massieu's attorneys will try to convince the jury that the \$9 million in small bills were legitimately earned. A verdict is expected within days.

The issue of high-level corruption in Mexico took on new significance last month with the revelation that the head of Mexico's anti-drug agency, General Jesus Gutierrez Rebollo, was in the pay of a cartel while receiving sensitive intelligence on U.S. operations.

Testimony here has shown that all of Mr. Ruiz Massieu's cash was declared on customs forms when it was brought into the country and that investigators with a federal narcotics task force were aware of it. Even after a suspicious bank

official drew their attention to the suitcases of cash, federal officials did nothing more than verify that the cash was going to the account.

Although the investigators have testified that the pattern of cash deposits is consistent with money-laundering, no alert was issued about Mr. Ruiz Massieu while the money was coming in. During that time, testimony has shown, U.S. officials not only shared the most delicate intelligence with Mr. Ruiz Massieu but also asked him to coordinate at least one top-secret joint operation.

If the jury decides that Mr. Ruiz Massieu must give up the \$9 million as drug money, it will mark the first time that a high-ranking Mexican official has been held to narcotics trafficking in a U.S. court.

Senate and Clinton Seek Deal

In response to a vote in the U.S. House of Representatives to impose sanctions on Mexico for its failures in the war on drugs, senators and the Clinton administration were working to reach a deal on a statement by Congress that would call for progress by the Mex-

icans but carry no threats or penalties. The New York Times reported from Washington.

The House measure, approved Thursday, would impose sanctions on Mexico after 90 days unless President Bill Clinton reported progress by Mexico in the drug war. But the 251-to-175 vote to adopt it fell 33 votes short of the two-thirds majority required to override a likely presidential veto, and attention turned to the Senate.

There, five members offered a non-binding "sense of the Senate" resolution as an alternative to efforts to reverse Mr. Clinton's finding Feb. 28 that Mexico had "cooperated fully" with U.S. efforts in fighting drugs. Conceding the scope of the U.S. drug habit, the Senate statement expressed "concern about ineffective and insufficient progress by Mexico" in halting the production and shipment of narcotics.

The five sponsors and the administration were trying to enlist other supporters. A Republican sponsor, John McCain of Arizona, said the group was "trying to send a message without provoking a wave of anti-Americanism."

A Field Trip To Jordan Is Shattered By Terror

By Joel Greenberg
New York Times Service

BET SHEMESH, Israel — It was an unseasonably warm morning as the group of seventh- and eighth-grade girls from this working-class town got off a bus on a verdant patch of Jordanian territory between the Jordan and Yarmuk rivers.

Jordanian soldiers in camouflage fatigues kept watch from a lookout tower on a high bluff as the girls got off below them.

"The guide told us not to take pictures of the soldiers, but he said we could photograph the view," recalled Miri Shabat, 14. "Some of us got off with cameras, I was bored and just walked around."

The girls heard a burst of gunfire from the watchtower, where a Jordanian soldier, Ahmed Mousa Daqamseh, 28, had begun to shoot.

As teachers shouted at their pupils to run down a slope for cover, the soldier clambered down and fired his M-16 rifle at the girls at close range as they dove, screaming, into the scrub.

Rosa Himi, a teacher, recalled: "He kept on shooting all the time, and after a few minutes, he was already at the edge of the slope, he stood at a face-to-face distance and simply began mowing us down, one by one."

After firing off one clip of bullets, the soldier slammed a second clip into his rifle, but it jammed and he fled. Seven girls lay dead; six were badly wounded.

Sivan Aziz, 13, got up to see her classmates on the ground.

"They were all bloody, bleeding from the chest, from the stomach," she said. "I saw my friend, she had a bullet in the neck. I was in shock. We didn't even cry, we didn't know what to do. We ran to the bus and lay on the floor."

As Jordanian soldiers began evacuating the rest of the wounded, Natalie Balit, who had watched in horror from the bus, where she had stayed behind, saw friends who had been critically wounded.

"A friend of mine was screaming, 'Mommy mommy!' I saw the Jordanians pick up girls who were dying. One of my friends had been shot in the back, and she was still moving. They lifted her into their car, but she died."

Sobbing and shaken by their ordeal, the girls returned Thursday evening to the Amrit-First religious high school here, where they were met by relatives and a team of psychologists. As they got off a bus, they were mobbed by tearful parents who had spent an anguished day waiting for their children.

Micki Feinstein, a psychologist, urged the families: "We're going to go through difficult days, but we will be together and help the families of the dead. We need a great deal of strength, but it's important that we stay together."

Service for Their Friends

About 1,000 girls at the school read from the Book of Psalms during a memorial service for their friends Friday. The Associated Press reported. After the assembly, the students were split into small groups for psychological counseling.

Thousands of Israelis attended the funerals of the seven schoolgirls late Thursday. "If someone thinks that the murder of little girls will defeat this people, he doesn't know," Prime Minister Benjamin Netanyahu said at one of the funerals. "He doesn't know the great strength in every person around me here."

ISRAEL: Cabinet Affirms Plan for Housing in East Jerusalem

Continued from Page 1

defend their existence and their land."

In response to the Israeli moves, Yasser Arafat, the Palestinian leader, invited foreign diplomats to the Gaza Strip on Saturday to air his grievances. Israel has protested, saying Mr. Arafat is violating the peace accords by setting up a back channel that excludes Israel.

Invited to the conference were diplomats from the United States, Russia, the European Union, the United Nations, Japan, Egypt, Jordan, Norway and the Netherlands.

In the cabinet meeting Friday in Jerusalem, the chief of military intelligence, General Moshe Yehonatan, told the ministers that Mr. Arafat met recently with leaders of Islamic militant groups who urged him to give tacit approval to new terror attacks in Israel.

General Yehonatan also warned the ministers that their decision could lead to increased international isolation, including the possibility that some countries would recall their ambassadors, Israeli TV reports said.

Mr. Netanyahu said in an interview with the daily Ma'ariv published Friday that he would not be deterred.

"I'm going to build on Har Homa," Mr. Netanyahu said, using the Hebrew name for the area slated for construction. "Nothing will stop me. If they think they can frighten us, they are



Foreign Minister David Levy, left, and Prime Minister Netanyahu conferring Friday as the cabinet meeting began.

wrong. I am more determined than ever.

Mr. Arafat, meanwhile, said he no longer trusted the Israeli leader. "We don't have any faith left in the other side," he told the Israeli daily Yediot Aharonot.

"This isn't just another crisis," Mr. Arafat said. "This is the most serious

crisis since the start of the Oslo process and it has far-reaching repercussions." He added that the Israeli government was "leading us by the nose, literally."

Mr. Arafat had refused for several days to take Mr. Netanyahu's calls.

But on Thursday night the Palestinian leader called Mr. Netanyahu to express his condolences over the deaths of the seven Israeli schoolgirls. Asked Friday whether this meant he was ready to re-establish contact with the Israelis, Mr. Arafat said: "This is different."

The UN General Assembly, by a vote of 130 to 2, with 2 abstentions, called on Israel on Thursday to abandon the planned settlement.

The United States and Israel cast the only negative votes on the resolution, similar to one vetoed by the United States in the Security Council on March 7.

Miss Ashrawi said the decision to go ahead with the building project undermined the peace process.

Asked about fears of violence, she said: "I am sure Palestinians will protest and do what is possible to protect their own lands. We know that the protest will be peaceful and hope that the Israelis will not respond with armed violence." (AP, Reuters)



President Ezer Weizman of Israel being wheeled to a Jerusalem hospital Friday after breaking a wrist and thigh while getting out of a helicopter.

Israeli President Trips, Breaking Bones

The Associated Press

JERUSALEM — President Ezer Weizman of Israel broke his left wrist and thigh Friday after tripping when he stepped out of a helicopter.

"I stupidly slipped off the helicopter," the 73-year-old president told reporters from his bed at Hadassah Hospital in Jerusalem, where he underwent surgery. It was "my fault entirely."

Mr. Weizman joked that American and Israeli leaders appeared to be having a streak of bad luck recently, noting

leg injuries sustained Friday by President Bill Clinton and this past week by Sarah Netanyahu, wife of the Israeli prime minister. Mrs. Netanyahu broke a leg.

The accident occurred just after Mr. Weizman's helicopter landed near his home in the Mediterranean resort of Caesarea.

Mr. Weizman had spent the morning visiting four girls wounded in the shooting spree Thursday by a Jordanian soldier on the Israeli-Jordanian border. Seven girls were killed in the shooting.

CLINTON: President Injures His Knee

Continued from Page 1

Dr. Wade said the president should be able to return to the White House on Saturday or Sunday morning but would be on crutches at first and have to wear a brace for a week. He will not be able to play golf for four or five months and will not be able to jog for six months.

Mr. Clinton was in pain, but the White House press secretary, Michael McCurry, said the president was alert and joking in his hospital room.

He added that Mr. Clinton was particularly disappointed that he would not be able to play with Mr. Norman, one of his golfing heroes. "He said, he was absolutely convinced this was his good luck day because he was confident he would break 80," Mr. McCurry said.

'He Heard a Very Loud Pop'

Mr. Clinton stumbled on wooden steps as he left Mr. Norman's home and tore his quadriceps tendon, which con-

nects the upper thigh to the kneecap. "He remembers his right knee buckling out. He heard a very loud pop," said Captain Connie Mariano of the Navy, the president's personal physician.

Dr. Joel Cohen, a surgeon at St. Mary's Hospital, said that under the procedure a hole is drilled in the kneecap to reattach the tendon to the kneecap.

The president was in Hobe Sound, Florida, to play in a two-day tournament sponsored by Mr. Norman that began Thursday. Mr. Clinton was spending the night at Mr. Norman's 80-acre ocean-side estate.

Before the injury, the two had chatted late into the night at Mr. Norman's home. Mr. Clinton left about 1:20 A.M. to go to a separate cottage on the estate where he was to sleep. Dr. Mariano said Mr. Clinton caught his heel on a short flight of stairs and his right knee buckled out. Mr. Norman apparently broke his fall. The doctor said that alcohol was not a factor.

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AN EXHIBIT DENIED: Lobbying the History of Enola Gay

By Martin Harwit, 477 pages.
\$27.50. Copernicus.
Reviewed by
William Lanouette

ACADEMIC politics are said to be especially vicious, but the astrophysicist Martin Harwit found that he still had plenty to learn in 1987 when he left a professorship in astronomy at Cornell University to become director of the Smithsonian Institution's National Air and Space Museum. Hired to increase the museum's scholarship and create exhibits with more historical depth, before long Harwit was fighting to preserve one plane's history and eventually his own job. He lost both.

In this detailed and dispassionate account, trouble begins in 1984 when World War

II veterans who had flown a bomber nicknamed Enola Gay started campaigning to restore their plane and display it "proudly." On Aug. 6, 1945, this B-29 had dropped the first atomic bomb on Hiroshima, a flight the crew wanted the world to remember—and celebrate. By 1985 the Enola Gay was becoming the museum's biggest restoration project ever, and once Harwit arrived the curators began planning to exhibit the plane in 1995 for the 50th anniversary of its Hiroshima flight.

The controversy these curators expected came soon. Fellow historians demanded a critical analysis of atomic weapons and diplomacy, citing newly declassified documents. Veterans demanded a celebration of the plane and its fateful mission. Peace groups demanded a condemnation.

And by 1993, a curator, Tom Crouch, warned Harwit that they must choose between an exhibit "to make veterans feel good" and one "that will lead our visitors to think about the consequences of our atomic bombing of Japan."

Harwit was convinced that we could honor history and honor the vets," he writes. But the veterans and their Washington lobbyists

mistrusted the historians and shifted the fight to friendlier arenas: Congress and the news media.

In Congress, Harwit encountered senators jostling to move the Enola Gay to their home states. And in Japan, he feared that if his exhibit failed to show the death and devastation that two A-bombs had caused, it would spark an international incident.

Harwit sees himself as defending "academic integrity" against "patriotic orthodoxy," and with hindsight factors: journalists more interested in reporting rhetorical conflict than scholarly insights, veterans' spokesmen willing to consciously misquote the exhibit's text, and his own museum's inability to publicize and lobby their case. "I like to believe," he says, "we fought valiantly but were badly outgunned."

Yet problems with the Enola Gay exhibit ran deeper, for, as Harwit quotes an American Legion official, "The debate started 50 years ago and it has never been resolved." At odds were the American public's collective memory, which credits two A-bombs with the swift end of World War II, and his-

torical scholarship, which documents that for President Harry Truman and his advisors the decision to use these new weapons was morally ambiguous, diplomatically complex, and militarily uncertain.

Harwit and his curators tried to appease their militant critics through five revised drafts of the exhibit script but proved no match for foes. After the Republicans won control of Congress in 1994, they appointed newly critical members to the Smithsonian Board of Regents. This led the institution's new secretary, I. Michael Heyman, to cancel the Enola Gay exhibit, substitute a display just about the plane and its crew, and sack Harwit.

The Enola Gay exhibit tried to teach a reluctant public some unwelcome history—in a hardware barn where technology had been celebrated, not chastised. Harwit and his colleagues had the right message but picked the wrong place and time to tell it. That's politics.

William Lanouette, author of "Genius in the Shadows: A Biography of Leo Szilard, The Man Behind the Bomb," wrote this for The Washington Post.

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James Russell's "British Connoisseurs in Rome," circa 1750, at the Rome show.

Celebration of Travel Italian Shows Evoke the 'Grand Tour'

By Roderick Conway Morris
International Herald Tribune

ROME — The British mania for re-creational continental travel meant, for a time, that almost any wandering foreigner who turned up on the shores of the Mediterranean from the north might find himself being described by the locals as *inglese* (or its variants), including the Dutch, Germans and even Swiss.

Many early travelers were not only British but wealthy and aristocratic, though by no means all of them. The trail-blazing grand tourist Thomas Coryat, having no other way of getting there, walked to Venice in 1608, hanging up the remains of his shoes in the parish church at Odombe, Somerset, when he walked back again.

However, it was in the following century, particularly after the end of the Seven Years War in 1763, which turned out well for Britain, that the idea of a trip to the Italian peninsula as something that every educated Englishman (and, increasingly, woman) should attempt at least once in a lifetime, became widespread. An exhibition of more than 300 pictures, sculptures and other objects d'art, "Grand Tour: The Lure of Italy in the 18th Century" (which appears with some variations from the Tate Gallery version last year), re-evokes the period at the Palazzo delle Esposizioni (until April 7).

The principal destinations, then as now, were Florence, Rome, Naples and Venice (the latter, with its notoriously easy-going lifestyle and prostitutes catering to all tastes, a particular favorite for sex-tourists of that era). Whereas Venice had long-established friendly relations with London (and was one of the first states to recognize the newly independent American colonies), the Vatican, which recognized the Stuart pretender Bonnie Prince Charlie as the legitimate heir to the unified English and Scottish thrones, had no formal diplomatic ties with Britain at all. This did not prevent a stream of British visitors to Rome, and some seeking audiences with the Pope (very much a touristic activity for these mostly non-Catholic excursionists).

By the end of the 18th century many Britons knew more about Italy than any other European country, with effects that lasted throughout the next century — despite the cataclysmic interlude of the Napoleonic Wars, when Britons could no longer travel freely on the Continent. Half a dozen 19th-century British prime ministers had a good command of written and spoken Italian, and Gladstone was an adept composer of verse in the language.

The Rome show provides an interesting compendium of pieces associated with the golden age of the Grand Tour, and brings together some outstanding pieces, such as Johann Zoffany's brilliantly colorful, almost photographic, canvases of assorted connoisseurs, dilettantes, con men and well-heeled tourists crowded into rooms stuffed with marbles, bronzes and pictures, and Joseph Wright of Derby's explosive visions of Vesuvian eruptions and Roman festive fire-

works. But, in the end, the show is much less successful in conjuring up the atmosphere, texture, attitudes and eccentricities of the period than last year's more imaginatively conceived British Museum "Vases and Volcanoes" exhibition devoted to Lord and Lady Hamilton and their world in Naples.

The search for souvenirs in the form of sculptures, archaeological remains and paintings was a key element in the Grand Tour — it was said that the English would have taken the Colosseum home with them if they had been able to — but the Papal and other states had well-established laws against the export of major works, and surprisingly few really first-class pieces were removed from Italy during this period (though the market for copies and fakes enjoyed a boom, and a painter like Pompeo Batoni did a roaring trade portraying upper-crust tourists amid the ruins).

EMBLEMATIC of Italian consciousness of the need to hang on to their patrimony is the story of the Venetian nobleman Grimani's attempt to sell an important classical statue to a foreign buyer. The government promptly sent round the chief of police who, doffing his hat, gravely addressed the statue, noting its decision to leave the Republic, and bid both it and its owner adieu — at which point the vendor hastily thought better of the deal.

The incident was, of course, riddled with ironies, given that Venice was encrusted with works pillaged from the East from the body of St. Mark and the Four Bronze Horses adorning the facade of the Basilica, to hundreds of pillars and acres of marble cladding. Much of the loot was acquired (like the British Empire) not as a result of planned policy but in a fit of rampant opportunism, notably during the Fourth Crusade (1202-1204), when Orthodox Christian Constantinople became the target rather than Muslim-held Jerusalem. The West's seven great religiously inspired expeditions are the subject of "The Crusades: The East and West from Urban II to St. Louis (1096-1270)," at the Palazzo Venezia (until April 30).

Alternating peaceable and bellicose pilgrimages to the Holy Land continued throughout the Middle Ages. The acquisition of relics became a vital part of the enterprise, and just as an 18th-century gentleman could raise his standing by the ownership of marbles and paintings, the possession of a fragment of the True Cross, the Crown of Thorns or the bones of a top-notch saint could immeasurably increase the prestige of an individual, family or entire city.

Byzantine and Islamic cultures were in many ways more advanced than those in the West at the time, and prolonged contact with these alien worlds ultimately had a profound effect on a Europe still recovering from the Dark Ages, as this exhibition of more than 280 contemporary pieces amply demonstrates. The pieces come from more than 100 European and American metropolitan and provincial collections of paintings, mosaics, stone and wood carvings, glass, metalwork, enamels, ceramics and manuscripts — including almost all the important surviving ones actually created in the Holy Land at the time.

Maastricht '97: Better Than Ever

MAASTRICHT, the Netherlands — Year after year, the European art fair continues to be a success story that delights and secretly surprises its own founders. Even before it closes its doors on Sunday at 6 P.M., it is clear that the fair, which took its current form in 1987, will have been the best ever for many of its 167 dealers from Europe and the New World.

Dozens of deals were struck right from the beginning. By mid-week, Johnny Van Haefen of London, Europe's leading dealer in Dutch and Flemish masters, had

SOUREN MELIKIAN

already sold 15 paintings. The examples he cites illustrate the magic of the fair. The first picture to go was by no means a self-seller. The £45,000 (\$72,000) self-portrait by Ludolf Backhuysen, painted in the 1690s, is the work of a minor master that appeals to connoisseurs with a specialist interest in pictures of art-historical significance. The prompt sale of a small gouache, only 3 inches (7.6 centimeters) in diameter by Hans Bol is equally remarkable. Van Haefen had bought it at auction in Baden as recently as Oct. 10, 1995, for the equivalent of just over £20,000. When a collector inquired about the price, Van Haefen said it was on offer at £35,000 and made no secret of its provenance. The transaction was concluded there and then.

This highlights the true cause, so far unrecognized, behind the resounding success of Maastricht. The fair mirrors traditional European culture at its most refined and caters for that part of the international elite steeped in this culture that has the resources to buy art. Connoisseurs outnumber investors and that leaves its mark on what dealers put up in their stands.

A sprinkling of sophisticated and unusual works of art that might not be displayed elsewhere are the fair's great attraction.

At Robert Noortman's of Maastricht and London, one can see a pair of superlative portraits by Frans Hals, the last important such pair available in the trade, priced in the region of \$7.5 million.

But on the same stand there is also a small gem by Johan Barthold Jongkind, a bird's-eye view painted in 1871 at Maasluus, a Rotterdam suburb. The complex composition rooted in the century-old tradition of European landscape painting is executed in advanced Impressionist brushstrokes. At \$275,000, it could hardly be less expensive.

A few steps away, Roman Herzog of Vienna shows one of the most intriguing paintings in the fair: an early 18th-century portrait by Fra Galgario from Bergamo. The sitter, in splendid court attire, has features identified as "Asian" by Herzog but might well be an American Indian whose identity has yet to be discovered.

Perhaps the most telling choice made by a picture dealer this year is Leonora Bramer's "Saint James and the Magician Hemogenes" displayed by Konrad Bernheimer. Probably painted by the Delft master in the 1620s while in Italy, it has a visionary quality anticipating Surrealism. Bernheimer, who operates from Munich and London, usually deals in mainstream portraits, landscapes and still lifes. With Bramer's picture, Bernheimer responded to the current trend favoring anything spiced with a surreal touch. An American pounced on the \$148,000 work.

But it is in the world of objects that the imprint of the traditional European approach to art is deepest.



Carlantonio Procaccini's "Cardinal Borromeo," sold by Johnny Van Haefen for £32,000.

Patrick Reijgersberg of Haarlem represents the archetypal art hunter driven by passion for discovery. The most beautiful bell-metal mortar from 15th-century Nuremberg, so far unpublished, can be seen on his stand, not far from a bell-metal bowl water bucket of the same period from France with the Bourbon coat of arms. Either would grace a major museum of medieval art. Carrying price tags of about \$20,000 and \$35,000, respectively, these went to an inspired New York collector.

AMONG the objects brought over from Antwerp by Jan Dirven, a bell-metal brass ewer from 15th-century Flanders stands not far from an altarpiece carved by Peter Breuer, the German sculptor from Zwickau. Of the two, the ewer with its flaring shape and the bold angular pouring lip that enhances its irresistible upward thrust is the most extraordinary. At \$19,000, the piece, which sold Wednesday, was highly approachable. So too was a black leather powder flask of sculptural shape made in northern Italy around 1600, which a collector bagged for a modest \$5,000.

Here and there, dealers indulged in the decoys inspired by the Renaissance cabinet tradition in a way that can only be seen in a Northern European fair. Albrecht Neuhaus of Wurzburg, perhaps the most eclectic of object connoisseurs, teamed with Guillaume Feau of Paris who put up part of an early-18th-century paneling from some vanished chateau. Against this subdued backdrop, the gilt bronze bust of a French officer, done in the 1630s by a master who has yet to be identified, instantly catches the eye.

Modestly priced at 32,000 DM (\$18,800), the bronze was swiftly snapped up on Friday night at the private viewing. I asked Neuhaus what had induced him to show such restraint in the pricing. His answer is typical of the Old World connoisseur-dealer's attitude: "We have to be reasonable. These big prices that they keep singing to high

heaven are killing the market. They are driving away collectors.

Not every great piece can be inexpensive. At Bernard Blondeel's, a dazzling tapestry with figural roundels on a floral ground woven in 16th-century Bruges to be hung horizontally over benches carries a \$500,000 tag. It is an obvious museum target, as is a \$400,000 needlepoint devotional tapestry in mint condition woven around 1600 in France — the largest known to Blondeel.

The old European collecting scene is not complete without antiquities. Herbert Cahn of Basel displays three painted terracotta 3d century B.C. objects from the Sicilian site of Centuripe — a wedding vessel and cover, an urn painted with a mythological scene and a tondo with the bust of a woman. Little of the kind survives. The team of the Allard Pierson Museum, the great archaeological museum in Amsterdam, came to the fair and at \$35,000 found the acquisition well worth it.

The most precious note in the whole display is perhaps struck by the medieval and Renaissance manuscripts brought over from his base in Ramsen, Switzerland, by the German dealer Heribert Tenschert. Now a superpower in the field, Tenschert holds 185 of the 260 or so complete manuscripts still at liberty. Among the gems that stud his stand, one can gaze at the only manuscript (a Book of Hours) with a miniature signed by Jean Poyet. The famous miniature painter was active in Tours in the late 15th century. Next to it is a newly discovered Book of Hours with miniatures in Poyet's idiosyncratic style.

As a punctuation mark to this connoisseur's fair, a marvelous exhibition of medieval ivories from regional church treasuries and museums can be admired by those who have the sight of an eagle — the lighting is so faint that half the items can barely be made out. There is, alas, no catalogue, even though it would have been a splendid, easy to sell pamphlet. That, too, is well in character with the European scholar's culture.

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The Flora And Fauna Of the Poles

WASHINGTON Post Service
WASHINGTON
People often think of Earth's poles as indistinguishable regions of icy-cold emptiness.

A new exhibit shows, however, that each is unique in topography and wildlife. For example, there are no mammals and only two species of flowering plants in Antarctica, but it teems with hundreds of thousands of king penguins.

Around the opposite pole, by contrast, grizzly bears hunt in the Arctic, sometimes amid flowers thriving in lush green meadows.

Poles Apart: Parallel Visions of the Arctic and Antarctic features 30 paired images of the diverse regions by nature photographer Galen Rowell.

The free exhibit, scheduled through Aug. 4, is at the Smithsonian Institution's National Museum of Natural History.

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Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Albania's Crisis

Albania is collapsing into anarchy, and neither President Sali Berisha nor the opposition parties seem able to halt the deadly slide.

Europe's major powers must make a strong diplomatic effort to push the crisis back into peaceful political channels.

The largely leaderless rebellion that broke out several weeks ago in southern Albania has now spread north to the outskirts of Tirana, the capital. Assault weapons are being handed out from looted armories, prisoners are walking out of unguarded jails and Tirana's airport is no longer under government control. Scores of Albanians have already been killed in the fighting. Foreign countries, including the United States, have begun evacuating their citizens.

Thursday, Albania's desperate political leaders pleaded for emergency help from the North Atlantic Treaty Organization, the European Union and the United Nations.

Meanwhile, former Chancellor Franz Vranitzky of Austria is conducting an urgent political mediation mission for the Organization for Security and Cooperation in Europe, the group whose recommendations helped resolve the recent political showdown in Serbia.

Albania's crisis is far more acute than Serbia's. For Mr. Vranitzky's mission to succeed, it must be seen to be strongly backed by countries like Italy, Greece, Germany and France, as

well as the United States, which is also an OSCE member. Diplomacy may eventually have to be supplemented by some form of European peacekeeping force, to supervise the disarming of civilians and re-establish civil authority. But no outside military force should be deployed until all major Albanian groups — not just the narrowly based political parties — agree on a political plan for restoring order and moving toward a new democratic legitimacy.

For years European countries have talked about, and taken stumbling steps to create, new institutions capable of containing dangerous regional crises. These efforts failed the test of Bosnia's disintegration in the early 1990s. This time European leaders promise to perform more effectively. It is important that they do so. While calm now prevails among the large Albanian populations in the neighboring Kosovo region of Serbia and in Macedonia, prolonged anarchy in Albania could trigger regional violence.

The United States, as a guarantor of the Dayton peace agreements, has a direct interest in preserving the fragile Balkan peace. It also has a longer-term interest in seeing Europe learn how to manage regional crises on its own. Washington should do all it can to encourage an effective European response to Albania's crisis.

—THE NEW YORK TIMES

Tensions in Turkey

The ferment in Turkey is commonly depicted as a struggle between secular Western elements and Islamic ones. But this is a thin explanation of the tensions that are pushing this NATO ally toward the brink. The immediate problem is that a coalition government led by an Islamic party (Welfare) representing barely 20 percent of the electorate was promoting a program of Islamization that most of the Turkish people appeared to reject.

Ordinarily, the coalition's secular members might have headed off this dangerous minority turn, but instead they have placed their own mean political purposes over the national interest. So the burden of confronting the Islamists was thrust upon the military, traditional patrons of the country's modern secularist heritage.

In late January, the Welfare mayor of an Ankara suburb staged a provocative "Jerusalem night" with the Iranian ambassador. The Turkish Army deployed tanks in what was a clear warning that the armed forces, which since 1960 have conducted three coups, would let Welfare go only so far. Subsequently, the military-dominated National Security Council demanded that the government accept its program to keep Turkey secular.

The drama has yet to be played out. It is certain, however, that another coup is not the answer for Turkey, notwithstanding the premature enthusiasm shown for one in some quarters. Such an intervention in the name of preserving secularism might be popular, but it would be undemocratic. The right remedy is not to give more authority to the armed forces but to demand better from the politicians, specifically from the secular parties.

Turkey's ills, however, go beyond the failings of its politicians. Its foreign friends have a crucial role. Turkey should be put on a sure track to the European Union. Nothing would help more to stabilize the country and seal it into the West. Europe has its own work to do in showing the Turks that the European Union has a place for a Muslim member — that is, for a Muslim member respectful of human rights. Meanwhile, serious diplomacy needs to be mobilized to block a nightmare scenario in which Turkey hangs up the enlargement of NATO while Athens frustrates a European Union opening to Ankara. Accommodation between Turks and Greeks is too important to be left to them alone.

—THE WASHINGTON POST

Environmental Diplomacy

Secretary of State Warren Christopher, especially toward the end of his tenure, emphasized the importance of environmental issues as a component of U.S. foreign policy. His spiel didn't get a lot of attention, partly because there's always a conflict or a peace negotiation that seems more pressing.

His successor, Madeleine Albright, so far hasn't stressed the theme, but it's early in her tenure. Mr. Christopher was right in saying that global environmental degradation is a threat to this country's security and that efforts to fight the threat should be integrated into U.S. aid and foreign policy.

This year two interrelated environmental issues are at the top of the U.S. agenda. One is the threat of global warming and the efforts around the world to set limits on the greenhouse-gas emissions that help cause it. The other is deforestation, which contributes not only to global warming but also to soil erosion and the loss of farmland, the spread of deserts and the extinction of plant and animal species.

A recent study by the World Resources Institute found that about half the world's original forest cover is gone. This is a classic case where you can look at the Earth as half-empty or half-full; the fact that much forest remains means there's still opportunity for sensible conservation.

But the WRI study also found that forests are disappearing at an accel-

erating rate and that only about one-fifth of the world's original forests remain in relatively undisturbed tracts large enough to be considered intact ecosystems. Seventy percent of that remaining "frontier forest" lies in three countries — Russia, Canada and Brazil — and much of it (including Alaska's own Tongass National Forest) is threatened by shortsighted logging and other dangers. The situation is "very urgent," says Eileen B. Clausen, assistant secretary of state for environmental affairs.

Ms. Clausen wants to move diplomacy beyond the futile debate of recent years over an "international forest convention" and concentrate on a few key areas where progress is possible. These include persuading all governments to report, publicly and by agreed-upon rules, on the status of their forests and logging efforts; helping train rangers and develop forest-management capacity in countries too weak or poor to stand up to illegal or unsustainable logging; developing a private-sector code of conduct, and extending protection to key forest areas.

The effort in some cases calls for tough diplomacy — to penalize the Cambodians and Thais, for example, who continue to strip Cambodia's tropical forests. But in many cases, it's a question of working with countries that want to save themselves.

—THE WASHINGTON POST

Murderous Chaos Awaits if Peace Process Fails

By Anthony Lewis

WASHINGTON — We may never know exactly what led a Jordanian soldier Thursday to shoot down Israeli schoolgirls; political rage, hatred of Jews, madness. If only there could be grief without politics in the Middle East.

But all concerned — Israelis, Arabs, Americans — should take the terrible act as yet another warning, a signal of the murderous chaos that awaits if the peace process fails. And right now it is on the edge of failure.

Before the shooting, Israel's two closest friends in the Arab world, President Hosni Mubarak of Egypt and King Hussein of Jordan, had given extraordinarily strong warnings of crisis. Prime Minister Benjamin Netanyahu of Israel had brought it on, they said, by unilateral actions.

First there was Mr. Netanyahu's sudden move to build a Jewish settlement at Har Homa in East Jerusalem. Then came his decision to make the first of three promised Israeli withdrawals from the West Bank include only 9 percent of the land at stake. And, under the plan, 7 percent of the land was already under Palestinian political administration, while only 2 percent

was in the much larger sector controlled exclusively by Israel.

Mr. Mubarak, at a press breakfast, used starker language than I have ever heard from him. Palestinian resentment "may explode," he said, if Mr. Netanyahu goes ahead with the Har Homa settlement. "There will be violence, and Arafat will never be able to control it." If things go on like this, "the peace process will stop."

Mr. Mubarak said Mr. Netanyahu "tells me something — and then does something different. He sent me a message that he was going to do a good thing on withdrawal from Palestinian land, and it was only 2 percent."

Then we learned about the stern letter from King Hussein to Mr. Netanyahu. He warned that the Har Homa project would bring "inevitable violent resistance." He deplored what he called the "continued deliberate humiliation of your so-called Palestinian partners."

Does Mr. Netanyahu understand how dangerous the situation is? Judging by his public reaction, he does

not. He issued a statement saying that he was "fed up" with criticism. His government said ground would be broken next week on the Har Homa settlement.

Mr. Netanyahu complained that Yasser Arafat would not talk with him now. "If the Palestinians are serious about peace," he said, "let them sit down with us."

That complaint came with ill grace from a prime minister who did not inform, much less consult, Mr. Arafat on his plans. Mr. Netanyahu sprang two politically devastating surprises on Mr. Arafat, Har Homa and the limited withdrawal. And then he complained at Mr. Arafat's refusal to take his telephone calls. The need to consult is urgent, but it is not a one-way obligation.

Those who doubted Mr. Netanyahu's willingness to carry out the Oslo peace process when he was elected last year thought he had made the commitment when he agreed in January to withdraw Israeli forces from most of Hebron. That seemed to be an acceptance of Oslo's premise: the return of land to the Palestinians in exchange for a secure peace. But Mr. Netanyahu's latest moves, and his blindness to their

consequences, renew the doubts. To the Palestinians, it looks as though Mr. Netanyahu's idea of withdrawal is to give them patches of land in the West Bank — Bantustans surrounded by Israeli-held territory, shattering their dream of a real homeland. And meanwhile, as they see it, Israel acts to foreclose the discussions on Jerusalem that are supposed to be part of the final status talks under Oslo.

"Humiliation," King Hussein's word, is a mild description of Palestinian feelings in such circumstances. Mr. Arafat is worried about his continuing ability to control those feelings. He told Mr. Mubarak that he was thinking of quitting as president of the Palestinian Authority. That may well have been just a moody expostulation. But think how dangerous it would be for Israel if he did quit.

Mr. Netanyahu faces intense political pressures in Israel, including strong resistance to land-for-peace in his own Likud party. But the Knesset's overwhelming approval of the agreement on Hebron, a most sensitive issue, shows that Israelis will support peace — if a leader lights the way.

The New York Times

Working for European Security Outside the NATO Structure

By Tarja Halonen and Lena Hjelm-Wallen

The writers are the foreign ministers of Finland and Sweden.

HELSINKI — The enlargement of NATO is a major issue both inside and outside NATO. Where do Finland and Sweden stand?

The countries currently aspiring to membership cite two main aims: They want to be part of the Europe they were forced to remain outside of during the Cold War, and they have security needs they want met.

But clearly we must recognize that others have the right to choose their own security arrangements — a right Finland and Sweden consider absolutely necessary for themselves.

The security situation of Finland and Sweden is different from that of the NATO applicants. Our defense organizations were not altered when the Cold War ended. Neither Sweden nor Finland finds itself in a security policy void. Democratic development in our countries has been stable and a matter of course for generations. Our countries play an active role in the efforts to establish a new European security order. This is demonstrated by the Finnish-Swedish proposal presented to the EU Intergovernmental Conference concerning the EU's capacity to carry out peacekeeping

operations in cooperation with the Western European Union. Both our countries are aware that our nonparticipation in military alliances is not a foregone conclusion forever. Sweden and Finland stand by their freedom to choose the contents and form of their connection with the political and military cooperation emerging in Europe.

NATO's importance to Europe and to security in the north is widely known and recognized. NATO is the foremost military cooperation structure in Europe. But security does not have only a military dimension. In Europe, the EU, the OSCE and the Council of Europe are equal partners with NATO. The UN's, and ultimately the Security Council's, overall responsibility for international peace and security is vital.

Today NATO is much more than a defense organization for its members. We see in Bosnia how it fills an increasingly important peacekeeping function. NATO has sponsored the Partnership for Peace — cooperation focusing on practical exercises in the peacekeeping area. Finland and Sweden want far-reaching cooperation with the new NATO that is now taking shape. However, we draw a clear limit at territorial defense and security guarantees.

Finland and Sweden assume that, through enlargement, NATO intends to strengthen security in Europe, not weaken it. Every state has a right to choose its own security solution. There must be no new spheres of interest, dividing lines or grey zones in Europe. Security cannot be built at others' expense.

The enlargement process must fulfill certain definite requirements. In our view, it must not have a negative effect on Finnish and Swedish security. Nor should the needs of the Baltic states be neglected. The enlargement process must not be pursued in forms that impair the security policy situation of the Baltic candidates for NATO.

A new foundation should be laid for relations between NATO and the countries that, of their own choosing or because of a NATO decision, are outside

the alliance. Sweden and Finland welcome the idea of establishing an Atlantic Partnership Council, open to all the countries participating in the Partnership for Peace. It should have a direct link to NATO's own structures and allow countries that contribute troops to NATO-led crisis management operations a share in decision-making on these operations.

Enlargement must go hand in hand with the redefinition of NATO-Russia relations. When this happens, the security interests of other countries must not suffer. Finland and Sweden are developing their cooperation with NATO and their neighboring relations with Russia. A lasting foundation could be laid for a new Europe, based on the progressive democratization of Russia and democratic consolidation through the enlargement of the EU.

It is of vital interest to Finland and Sweden that the position of the Baltic region and the Baltic countries continue to be strengthened. Our two countries are working steadily to ensure that the Baltic coastal states — the Scandinavian and Baltic countries, Russia, Germany and Poland — develop

harmonious cooperation to promote security and growth in our part of Europe.

Europe's security is indivisible. Finland and Sweden reject any proposal for regional security arrangements for the Baltic area that is not based on this self-evident principle. We wish to emphasize the value of continued strong U.S. involvement in the area as well as the sense of responsibility for the Baltic region manifested collectively and individually by EU states.

If Finland and Sweden were now to reconsider their policy of nonparticipation in military alliances, it would not add to the stability of our countries, nor to the stability of our immediate neighborhood. That is why there is no need for Finnish and Swedish membership in NATO. The enlargement of NATO is a serious, demanding and continuous process. Parallel to this process, Finland and Sweden will be contributing actively toward security in Europe.

Our participation in wider European cooperation, together with an independent and credible defense, offers our countries the best security policy solution in the foreseeable future.

International Herald Tribune

Mission Implausible: The Make-Believe World of Today's CIA

By Jim Hoagland

WASHINGTON —

"These guys had been on a 20-year losing streak."

"They were so mired in failure that a whole generation of them had done nothing but spin their wheels. They were collapsing of their own weight, in Washington and around the world. Most of what they did nowadays was make-believe."

This is burned-out, embittered Rupert Cohen, a fictional but wholly believable ex-CIA officer explaining why he is quitting cloak-and-dagger. He comes out of a beguiling new Washington novel about the changing nature of espionage, but his observations about the CIA could come straight out of today's headlines.

German counterintelligence officials not only expelled a U.S. agent for spying in Germany but permitted the expulsion to be publicized in the press last week. Part of the message the Germans were sending, a Bonn official suggests, is that it is time for the agency to downsize its enormous station in Germany to post-Cold War needs.

Closer to home, the spooks are not the only ones playing at make-believe while they search for new enemies and new missions to justify the \$25 billion to \$30 billion U.S. intelligence community spends annually. An aura of "let's pretend" gripped the opening of the Senate In-

telligence Committee's confirmation hearings on the nomination of Anthony Lake to head the CIA last week.

One Republican senator asked Mr. Lake if he had ever marched against U.S. involvement in Vietnam, seeming to forget or to ignore that the man who designated Mr. Lake as the world's most powerful spook had organized such demonstrations. Mr. Lake played along, suggesting he could not have ever done such a thing.

The fundamental point of that exchange is that the senators have the wrong man in the chair to ask about what the CIA should or should not be doing in the

future. Until they, the CIA and the nation get a sense of what Bill Clinton believes the agency should be doing to carry out its foreign policies, Mr. Lake's answers can only be notional.

President Clinton's first-term dealings with the agency were marked by an uncertainty that seemed to shade into total indifference. That is a serious problem for an agency that exists as a presidential instrument, with no other real constituency to protect it when protection is needed and to shake it to its roots when that is warranted.

A modest proposal to Mr. Lake's inquisitors in the Senate, to the nominee and to the president as they grapple over the CIA's future: Invest some leisure moments in reading advance copies of a pair of Washington novels coming out this spring. First comes Rupert Cohen in David Ignatius's "A Firing Offense," to be followed by Ward Just's "Echo House."

Taken together the two novels trace the arc the CIA has traveled across the Washington firmament, from glory to grief, in half a century.

Mr. Just presents a finely detailed portrait of Washington's political establishment during the Cold War, with the agency's founders both reflecting and shaping the value system of an

imperial capital that resembles Clintonian Washington less and less with each passing day.

The agency and the capital described in Mr. Just's pages were held together by mutual trust and a common vision of the world. Betrayal occurs, but the central ethos of a higher duty survives, only gradually evaporating as Washington becomes, in the words of one of Mr. Just's characters, "a self-inflated money-grubbing iron triangle."

Mr. Ignatius finishes the arc by having his fictional spook quit the agency in disgust and, in a brilliantly mischievous touch, become a reporter for tabloid television.

Full disclosure: Mr. Ignatius is a friend (as is Mr. Just) and a colleague at The Washington Post. Both authors write of the agency and its past mission with sympathy, not disdain. They clearly have friends, past or present, who have worked for or been very close to the agency.

But they detail a loss of values that is devastating for an organization that ultimately survives on trust and honor, not on technocracy. The Lake bearings should cast at least as much light on how this loss occurred and what can be done about it as do these two novels.

The Washington Post

Wanted: Top Diplomat for Bonn

WASHINGTON —

No European ally has a stronger interest in President Bill Clinton's top foreign policy priority, NATO expansion, than Germany. Keeping closely attuned to German official and public attitudes should, one might think, be especially important right at the moment, when Mr. Clinton is trying to convince Boris Yeltsin to go along with the enlargement.

If keeping abreast of German policy attitudes and trying to influence them is important, then why has Mr. Clinton been treating Bonn in such a shabby cavalier fashion when it comes to appointing his ambassadors? Men and women close to the president, with clout of various sorts, go to other major allied capitals, Paris, London or Tokyo. What's the matter with Bonn?

It took Mr. Clinton 10 months after his first election to replace George Bush's appointee there, Robert Kimbitt, who was competent enough but could hardly expect to be listened to by a new Democratic administration. His successor, Richard Holbrooke, was influential and certainly activist. But he had made it publicly clear before coming that he would rather be in Tokyo. He was gone in any case less than a year after he arrived.

By Robert Gerald Livingston

Following him was a respected run-of-the-mill diplomat, who after 18 short months left for a construction firm. Since then, almost 10 months now, a business-oriented charge has been holding the fort as best he can.

Neither Mr. Clinton's first administration nor his second seems able to interest either big contributors or political figures, the types who can get either the president or the vice president on the phone quickly when need be, in serving in Europe's most powerful capital.

As a general rule, the relationship between Germany and America has proven to be best when Republican and Christian Democratic administrations are in power at the same time. Presidents Reagan and Bush realized that having an ambassador with clout in Bonn, someone whom the president or his secretary of state knew well, assured that German views would be heard clearly on key issues.

Christian Democrat Helmut Kohl, the Democrat Bill Clinton has a chance to provide an exception to the rule. Soul-food summits in Milwaukee and pasta lunches at Washington memorials seem to have brought about a real empathy between two gourmands, but such occasions, and even frequent phone calls between White House and Chancellery, cannot substitute for having an influential American on the ground in Germany.

Small-town Bonn can never offer the culinary, fleshly and social delights found in Paris or elsewhere, needless to say. But the Germans are in the process of moving their capital to dynamic, metropolitan Berlin.

It's high time the president stopped leaving the German job vacant or routinely manned for such long periods. He should try harder to induce a personality with influence and connections to handle U.S. relations with a country that already counts for the most in Europe and is going to count for a lot more before Mr. Clinton's term ends in four years.

The writer, a senior visiting fellow at the German Historical Institute, is working on a book about the postwar German-American relationship. He contributed this comment to the Herald Tribune.

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Fashion

Decadence Comes Back Into Style

But Today's Dandies More Fake Than Real

By Katherine Knorr

PARIS — Excess is its own reward, of course, and the more wretched the better. With the usual glossy fashion magazines full of vulnerable looking childre — of both sexes — with come-hither poses and heroin-addict palor, with ads for big-name designers projecting debauchery, wanton luxury and perhaps worst of all stupidity, has fashion reached some kind of ultimate decadence?

People have every reason to be alarmed at a lot of what these fashion

COMMENTARY

images are saying about the times we live in, but the ultimate irony is just how very fake they are, how hard part of the fashion world is trying to appear decadent, how hooked it is on the idea of exaggerated badness on the one hand — the damned poets — and exaggerated, precious luxury on the other — the dandy aesthetes. They're not particularly good at either. Once again the bourgeoisie is trying real hard to slum it, to shock itself. Decadent is as decadent does, and these days decadence is being sampled like any other consumer product.

When Gianni Versace boasts to the press about all the money and time he's putting into his temple of luxurious excess in New York, he is playing at the prince and the Maccenas, the lover of the beautiful and particularly the expensive.

When John Galliano at Dior camps it up for press photos and Alexander McQueen at Givenchy plays the lager lout, you can be forgiven for not quite believing that all these well-off blokes are

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At left, John Galliano's take on Cleopatra; at right, a dice-patterned and full-sleeved dress from Chloe.



INSIDE

Where are the hip haunts for shopping, dining and hanging out of Paris's fashion insiders? A short guide. Page 12.

What's new on the retail thoroughfares of the world? A stroll down the Avenue Montaigne, New Bond Street and Madison Avenue. Page 12.



Transparency and hyper-femininity are putting fine lingerie back into the limelight. Page 13.

A new generation of couturiers has found a lucrative niche in providing women with the custom-made clothes and personal attention they crave. Page 13.

Galliano Conjures Up Aura of Ancient Egypt

From Lang, a Dazzlingly Modern Vision Of Man/Woman in Luxurious Fabrics

By Suzy Menkes

PARIS — The dress she stood in was of burnished gold — two sculpted hands mummified across the bosom. Behind her head, with its geometric wig in crinkly strands and winged eye makeup, was a soaring wall of painted hieroglyphics. It was the most striking sighting of Cleopatra since her barge sailed down the Nile. Are you ready for the bravos Cecil B. de Galliano?

The Egyptian-inspired collection that John Galliano sent out Thursday was breathtaking in its artistry, inventiveness, erotic suggestiveness and its playful wit. Imagine Marc Anthony's Roman legions reduced to a shimmer of gold pleated skirt and skinny pants — covered with gilt buttons. Or a metallic mesh dress made entirely of silver safety pins. Or multicultural tattoos on flesh body suits as a mad take on body art.

As the models stalked interconnecting rooms, writhing on a peacock throne bashed out of tin cans, even the fashion-wary audience felt transported. But the conundrum of Galliano as showman versus designer was summed up by the wistful words of Oscar-hopeful Kristin Scott Thomas, sitting front row in a black Donna Karan pantsuit.

"I wish I could wear things like that," she said.

Scott Thomas picked out a Nile green jersey dress with sinuous body and square, winged sleeves. There were Galliano's now very familiar, but very beautiful snaking and scissored bias-cut chiffon dresses. Add pastel fox stoles — and stunning Egyptian-style jewelry and head-pieces.

Galliano's day clothes were shrunken school blazers, striped knits and micro-mini pleated skirts, camped up Lolita-style with stilettos and bobby socks. It was part of a sex-pot schoolgirl theme which doesn't feel good for women.

Galliano's strength in this show was

costume. He brought to life Erte's erotic art deco drawings. He recreated Theda Bara for the 1930s with his models as silent screen stars. And it was wondrous — in its way.

Contrast that with Helmut Lang's *séance de travail*, or work session, where the models circled twice the bare white schoolroom, giving the most dazzlingly modern take on the man/woman thing we have seen this season. Lang took a cummerbund — that bland wrap for pot bellies inside tuxedos — and used it slung across sleek tailored coats, round the hips of his slim pants, or took its pleated folds as a theme for evening skirts or, most spectacularly, as airy horizontally pleated jeans.

LANG deals in signatures — like his satin bands that were reduced this season to the hem of a black jacket. He also played with ruching to give volume to the graceful dresses that are now an important part of the collection. These touches gave an edginess to fine clothes. For Lang has now abandoned gritty urban looks for luxe camel cashmere and soft silk. A palette of black and white, used with clotted cream, with a touch of red, was graphic and sharp. But when tulle floated above tailored pants, it conveyed a modern prettiness.

This should be Claude Montana's moment, with the sharp-shouldered 1980s and black leather suddenly fashion's points of reference. But just when Montana might have revived his angular suits, he was instead twirling a compass.

Out came sweeping coats with cape sleeves, funnel necklines and shawl collars — dramatic, sumptuous and sometimes sweet in their almond-blossom-pink and powder-blue colors. Montana was king of coats, for they dominated his curving runway, worn over pants or long skirts. The designer has a style, sticks

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CHANEL

FASHION / A SPECIAL REPORT

Cracking Paris: The Inside Loop of Hip Professionals Out on the Town

By Alicia Drake

PARIS — The hot fashion restaurant Anahi has tripled its order of Perrier. The Hotel Montalembert has been fully booked for this week for over three months. At the designer boutique Maria Louisa expect tears: The waiting list there for a Galliano floral sprigged dress peaks at 10, and there are only six dresses.

Stand back — the fashion pack has landed.

High on stamina, low on cellulite, the international trend hounds come seeking direction on what to wear for the next season. Their fashion week is one of constant angst. Not only did they have to get their bottom onto one of the few seats at the Helmut Lang show and their name onto that Joaquin Cortes party invitation list, they had to find out where to go and what to see in between.

Cracking Paris as a city is all about knowing *les bonnes adresses*, which means that Paris fashion insiders, native or not, have got the upper hand.

For the designer Martine Sitbon, the Porte de Vanves flea market in the south of the city is at the top of the list. She

spends Sunday mornings there searching for old embroidery, clothing and antique objects or furniture.

Of all the Paris *marchés aux puces*, Vanves is the flavor of the month among the fashion set and hailed as the most authentic. "Some of the stuff you find is so obscure you're not quite sure what it's meant for," says Sitbon. "But Vanves has got the best atmosphere, eclectic choice and realistic prices."

For more thrift-shop and antique dressing, Tosca (1 Rue des Tailandiers, near the Bastille) is a crush of a boutique run by a part-time singer and open afternoons only. Here you can pick up pieces like a raspberry silk velvet 1920s dressing gown or dusty silk flowers.

Mamie (73 Rue de Rochechouart) is another source on Sitbon's list, recommended for both women's and men's wear from the 1930s through the 1960s.

Le Shop (3 Rue d'Argout) is where designers and buyers go to soak up Paris style in streetwear, clubwear and music. There are two floors of 40 stalls selling all the youth trends from utilitarian workwear to slippery second-hand nylon negligees. The scene is body-piercing, crochet jackets and very vintage. The designer Narciso Rodriguez,

who has been living in Paris for 18 months since he joined Cerruti as women's wear designer, is a committed fan of Le Shop.

"It's full of nose-ring kids running round in bell-bottoms," he says. "I love listening to the DJs and trying on those platform shoes, pretending I'm going to buy them. I always leave with plastic bags full of jackets and coats."

Among the most confidential addresses in the city are the professional supply stores such as the ballet specialist Repetto (22 Rue de la Paix), where you can satisfy this season's craving for dancewear and pick up cropped cache-cœur cardigans in lilac, olive or black for 200 francs to 300 francs (about \$34 to \$51).

For cosmetics, Linda Cantello, a makeup artist, recommends the professional makeup store Paris Berlin (30 Rue Chaptal).

"Go for the pastel or primary colors this season, use them on the eye for a watercolor look with manic finish or blend them with foundation as a blush-er," she says. Alternatively, Cantello suggests powder blusher by the Paris mass-market maker Bourjois, available at supermarkets like Prisunic and

Monoprix. If you're looking for a little downtown action, head over to Oberkampf in the 11th arrondissement on the eastern side of Paris. A working-class, cosmopolitan neighborhood with a gritty feel, it has turned bohemian in the last year with an influx of artists, young designers, musicians and photographers.

The Oberkampf local is La Ville de Jagannath (101 Rue Saint-Maur), a Hindu Indian vegetarian restaurant, where fashion people like Mario Testino, Koji Tatsumo and Jean Colonna are all regulars. Sitbon and Thierry Mugler live on carry-out from Jagannath throughout the collections. Run by a former male model, John Arm- Colonna are all regulars. Sitbon and Thierry Mugler live on carry-out from Jagannath throughout the collections. Run by a former male model, John Arm-

Across the street is the Café Charbon (109 Rue Oberkampf), a crucial destination for late-night DJ and drinking. Further down the road, at 15 Rue Oberkampf, the handbag designer Anne Grand-Clement has just opened a boutique called Ursula Beagastie, selling sweet hand-crocheted purses and

rafia baskets. For an erotic cuisine and unpretentious scene, the boutique owner Maria-Luisa recommends Krung Thep (93 Rue Julien Lacroix), a Thai restaurant in the Belleville district of the 20th arrondissement. "It's always packed, it's got the kitschiest of decoration and does cheap and genius food," she raves.

Seating is around ornate gold tables mounted high and surrounded by squat benches to give the illusion that diners sit cross-legged. Every table features a Kleenex holder in carved gold-colored plastic. The food is fragrant and fresh, while service is smiling and never speedy.

An Asian mood seems to be pulsing through the Paris fashion scene this season. Frederic Sanchez and Fred Bladon, music "stylists" who create soundtracks for fashion shows, predict that "Orientalist music" will be a "key new trend." Sanchez, who has done music for Jean Colonna and Cerruti, describes the new sound as "a mixture of extreme Oriental, Thai and Indonesian music reworked with a heavy rhythm."

The duo cite the exhibition of Cambodian sculpture "Angkor," currently at the Grand Palais, as an inspiration for this season's shows and pinpoint Rough Trade records (30 Rue de Charonne) as

the city's hottest music source. For all its bohemian inclinations, Paris still backs in luxury and elegant living. If you want to indulge, Narciso Rodriguez suggests his favorite fish restaurant, Paul Minckhoff (34 Boulevard de la Tour Maubourg), where, he says, "I take people I love for dinner and they go ga-ga."

During the shows, the London and Paris retailer Joseph Ettedgui opts for the calm of Shozan (11 Rue de la Tremolle), a mellow restaurant designed by Christian Lacroix. It mixes French and Japanese cuisine and comes out with such unlikely dishes as foie gras sushi.

After a hard party night, Camille Miceli, a Chanel press officer, likes nothing better than to do the quintessential Paris thing and hang out in a hotel bar. Avoiding the maximum exposure, Miceli retires to the dotted cream parlor of Le Bristol (112 Rue du Faubourg Saint-Honore) or to the "English" bar of the Hotel Raphael (17 Avenue Kleber). Says Miceli: "It's utterly chic, cozy and very discreet for those secret rendezvous."

ALICIA DRAKE is the author of "A Shopper's Guide to Paris Fashion," published by Metro Books. Illustrations are by Jason Brooks.

Tracing Avenue Montaigne's Slow Evolution to a Must Mecca for the Elite

By Pat McColl

PARIS — With the Avenue Montaigne now twinned to New York's Madison Avenue, London's New Bond Street and Tokyo's Ginza, international fashion shoppers may find themselves suffering from the "been there, done that, bought that" syndrome.

There is, however, a Parisian difference: the avenue's long fashion history, which dates back to 1922 when Madeleine Vionnet bought the *hotel particulier* of the Duc de Lariboisiere for her house of couture. In 1947, Christian Dior opened his house in what had been a bar, Le Francois Ier, at the corner of the Avenue Montaigne and the Rue Francois Ier.

Vionnet closed in 1939, but Dior is still there, as is Fouquet, the confectioners, at 22 Rue Francois Ier, predating Dior by 10 years. More than 50 years later, it is still selling the couturier's favorite boudoirs.

Over the next decades, the avenue evolved slowly. D. Porthault opened its luxe linen boutique in 1966, Emanuel Ungaro's house of couture arrived in 1968, followed by Jean-Louis Scherrer's in 1971.

"When we opened in 1966," says Francoise Pamphile of Porthault, "the fashion street was the Rue du Faubourg St-Honore, and Avenue Montaigne was 'a destination.' One came here for the couture houses or our linens. It was not a busy street."

In the late 1980s and early 1990s, Italian ready-to-wear firms began their

invasion of the avenue. Valentino, however, was already there, having arrived in May 1975.

"Since my days of apprenticeship at the Jean Desses studio in Paris, I dreamt of opening a boutique on Avenue Montaigne, the center of couture in this city," he said. "After building my empire in Rome, the first boutique I opened was in Paris and on the Avenue Montaigne."

At about the same time, Robert Ricci decided to move Nina Ricci from the Rue des Capucines to the Avenue Montaigne.

Although Chanel's couture house was a block away from the Rue des Capucines on the Rue Cambon, Dior and Harry Winston the jeweler were on the Avenue Montaigne and Givenchy was just around the corner on the Avenue George V. Chanel opened its boutique on Avenue Montaigne in 1980.

WATCHERS of Avenue Montaigne believe the first *flamé* came in 1989, with the opening of the Louis Vuitton boutique No. 54. Vuitton attracted a free-spending clientele not previously seen on the street. By 1990 to 1992, "several dozens of millions of francs" was the going price for any available space, according to real estate experts.

Soon, those long established French couture houses were sharing sidewalks with Max Mara, Salvatore Ferragamo,



This Avenue Montaigne bar became the Christian Dior house of couture in 1947.

Krizia, Genny, Malo Cashmeres, Prada and Dolce & Gabbana. The latest Italian addition, Cesare Paciotti shoes, opens at the end of March.

Among the French newcomers are

Christian Lacroix, Thierry Mugler, Ines de la Fressange and Revillon, which has already doubled its space. Fressange's next-door neighbor is London's Joseph.

In 1993, what was once Madeleine Vionnet's couture house, became the Jil Sander boutique — 900 square meters (9,688 square feet) on four levels. In more recent moves, LVMH has acquired a former bank building and will move Loewe from its present location at No. 57 to a larger space across the street and expand the Celine menswear boutique into spaces left vacant by the jeweler O.J. Perrin.

Unlike in London, where American designers have all but taken over Bond and New Bond streets, the American presence was late in coming to the Avenue Montaigne. That will change April 30 when Calvin Klein opens a 650-square-meter boutique to house his couture collections for men and women and, in a European first, his Calvin Klein home collection. The boutique, like Dolce & Gabbana, is owned by Alain Adjadi, who also owns two Gianfranco Ferre menswear boutiques and two Hugo Boss boutiques here.

The design of Klein's Avenue Montaigne boutique was worked out by the designer himself with the London-based architect Claudio Silvestrin, whose minimalism reflects Klein's own ethic.

Meanwhile, both Giorgio Armani and Ralph Lauren are reportedly looking for desirable real estate along the avenue.

Lauren, the first American designer to open a boutique in Paris, at Place de la Madeleine, celebrates his 10th an-

niversary in Paris this fall. This spring he will inaugurate menswear and womenswear boutiques in the Bon Marche department store. His communications director, Francoise Labro, says Lauren would like to find a Left Bank location for his Polo Sport collection, as the Saint-Germain-des-Pres quarter becomes the next *point chaud* for retailing.

MEANWHILE, around the Madeleine and into the Rue du Faubourg St-Honore — which is twinned with New York's Fifth Avenue — things are on the move. A huge new Salvatore Ferragamo boutique recently opened, and a second Paris boutique for Holland & Holland, owned by the Wertheimer family which also owns Chanel, is set for late June.

"I have a feeling that people are less obsessed with just one area," says Joseph Ettedgui, proprietor of Joseph. "I see some of the same customers at my Etienne Marcel boutique [in the garment district] that I see on the Avenue Montaigne."

"There is definitely a younger customer on the Avenue Montaigne — very international during the week and very Parisian on weekends."

"It's such a beautiful avenue," he continued, "but all the little shops are gone. You can't buy a tomato on the Avenue Montaigne, but then, you can't buy one on Bond Street, either."

PAT MCCOLL is a Paris-based journalist who specializes in shopping and fashion topics.

Store Wars: The Battle of Bond Street

Americans and Italians Lead Invasion to London's Retail Nirvana

By Liz Smith

LONDON — London's feel-good factor is positively crackling right now. Even the laid-back Brits have learned to believe the incredible hype. London's status as the hippest city in the world is confirmed and the rest of the world wants a piece of it.

More precisely, every smart retailer wants a piece of Bond Street. After a brief lackluster moment in the 1980s, London's chic shopping artery is once again retail Nirvana.

The invasion of fashion giants, mainly American and Italian, intent on setting up shop here has already transformed the landscape of Bond Street with Versace's marbled palazzo at one end and Armani's pristine Emporio store at the other. Gucci, Chanel, Valentino, Donna Karan and DKNY have all joined the roll-call of auctioneers, art galleries and jewelers that have traditionally occupied the street and giant headings on any gaps in-between announcing the imminent arrival of Calvin Klein, Versace's jeans line, Armani's Collezione and a second London Prada shop.

Ralph Lauren, however, has trounced them all. Established since 1981 in what was Lord Nelson's elegant residence opposite Sotheby's, Lauren has acquired the lease on an entire 4,000-square meter (45,000 square foot) block on the corner of Burlington Gardens, at a rent of £2 million (\$3.2 million) a year. His new flagship store opens in March 1998 and boasts the gratifying address — Number 1 New Bond Street.

London's new retail cult is not just restricted to Bond Street. Sloane Street, spanning Knightsbridge and Chelsea, is enjoying a fresh frenzy of retail activity too, with demand for sites outstripping supply. Prada recently joined the line-up of designers occupying the Knightsbridge end of the street, alongside Armani, Chanel, Valentino, Saint Laurent, Alberta Ferretti, Max Mara and Hermes. Gucci's revamp of its Sloane Street store, which will triple its size from 5,000 to 15,000 square feet, is scheduled for completion by September.

The explosion of designer stores has added fresh ammunition to London's store wars, especially as the shoot-out between designer labels on Sloane Street neatly takes place on the doorstep of Harrods and Harvey Nichols, where designers traditionally sell their wares. Speculation that the designer's own shop might undermine the label's business at these two celebrated Knightsbridge landmarks, or indeed any other London store, has been unfounded.

The stakes are high when it comes to opening a shop with million-pound leases and no stinting on renovations. Major publicity campaigns must swing into motion with all the hoopla of a memorable launch party. The spin-off from all this Champagne and money sloshing around peps up in-store designer sales.

Anne Pitcher, Harrods' fashion director, welcomes the new awareness of designer brands. "We actually like wholly owned free-standing designers' shops. The only time we are really cross is when the customer comes in with a fixed idea of one particular item — usually the most photographed must-have piece of the season — and we don't have it. But what we can show them is the wonderful wealth of wearable clothes in a designer's line."

Pitcher agrees that many customers who might feel daunted entering a designer's establishment feel happier browsing through that designer's merchandise in the relative anonymity of a department store. "When you open the door of a designer-owned boutique, you are committed to that label. A store offers a selection and the freedom to walk from one designer area to another."

Stores still war between themselves over designer exclusives. Harvey Nichols provides its clientele with Calvin Klein and Dolce & Gabbana. Harrods proudly parades its Gucci, Jil Sander and Prada lines. The latter now tops up a turnover of £3 million a year, even with a Prada store around the corner on Sloane Street. Harrods is expanding its designer section by 5,000 square feet later this year. "It is one of the most profitable areas on the floor," Ms. Pitcher says. "There are always certain

pieces that drive the market like the Jil Sander leather coat with wrap belt or the Gucci bandeau top. You have to have them."

Selfridges in Oxford Street, slicker-looking than it has been for years after a £200 million revamp and the only star performer in the Sears portfolio of stores, provides its customers with the reassurance of international designer labels but on the more affordable secondary lines.

The transformation of designer into retailer is not new. Designers are rarely content to create just clothes. They put their names on everything from socks and scarves to scented candles, and by selling it all under their own roof presents their image intact. Elsa Schiaparelli did it first, opening a tiny boutique at 4 Rue de la Paix in Paris in 1925. Barbara Hulanicki and Mary Quant both revved up the razzmatazz of Swinging London in the 1960s with Biba and Bazaar respectively.

BY THE LATE 1970s and 1980s, department stores recognized the economic good sense of carving themselves into malls of designer boutiques, a practice known as "salvation in small packages." Designers today have simply taken the retailing role back into their own hands, using it as a combination of marketing tool and research lab.

Christina Ong, the wife of the Singaporean oil tycoon Ong Beng Seng, can take much of the credit for giving London its gloss as a fashion capital in the 1990s. Club 21, her retail empire, has an annual turnover in excess of £50 million through franchises for some of fashion's most covetable designer names — Giorgio Armani, Emporio Armani, Prada, Donna Karan, DKNY, Guess and the jeweler Bulgari.

As well as owning considerable chunks of London's most desirable retail real estate, Ong has cleverly captured today's money-spending, culture-bungy visitor to London in other ways. She owns two of the city's most stylish hotels — the Halkin, opened in Belgravia in 1991, with staff dressed by Giorgio Armani, and the new, hip Metropolitan Hotel, which opened earlier



this month on Old Park Lane, where the staff uniform in The Met Bar is navy DKNY.

James Hardy, managing director of Polo Ralph Lauren in London and chairman of the Bond Street Association, believes a designer presence in London is essential. "Today London is back as the natural epicenter of the world, in the arts and in business. From being a sleepy backwater, it has so much energy," he says. "Designers are not stupid. They want a part of it."

LIZ SMITH is a freelance journalist based in London.

New York's Chic Crowd

Migrates to Madison

Fifth Avenue Left With a Mixed Clientele

By Jennifer Steinhauer

NEW YORK — It is hard to trace the exact moment when Madison transcended Fifth in the role of most chic avenue.

Could it have been when Barneys New York set up shop there four years ago? Or was it when Miuccia Prada hoofed into town, sporting decorative sandals? Or did that moment come when Giorgio Armani decided that he needed not one but rather two stores on the sizzling street?

In the last 18 months, nearly three dozen stores have opened on Manhattan's Madison Avenue, leaving Tiffany to keep company with the retailers-cum-souvenir shops like Walt Disney and the National Basketball Association back on Fifth.

All of this flocking to Madison has sent commercial rents on the street skyrocketing.

Just 18 months ago, you could have walked down Madison Avenue and had your pick of stores and paid \$200 a square foot for it, said Michael Creamer, a partner of Healey & Baker, a real estate concern here.

"Now, you can't get a space between 57th Street and 52d Street. And if you can, you won't be able to pay less than \$300. People are trying to push north of that price, and they will get it."

Somewhat ironically, the rent inflation springs from the migration of hot designers who came less to show how much money they generate but rather because the rents were cheaper than one block west. Indeed, rents on Fifth Avenue can go as high as \$500 a square foot, and many European designers and American retailers, like Crate & Barrel, found the prices on Madison much easier to stomach.

As a result, Fifth Avenue and 57th Street, another retail hot strip, have begun to attract more middle market retailers and tourist attractions. This has created a new cultural division between the shoppers of Fifth (American tourists

in nylon jogging suits) and Madison (foreign tourists buying maps in their native language and well-beeled locals).

"Fifth Avenue is now very mixed," Creamer said. "It still has the name, but it is very patchy. You have Banana Republic, the NBA, Liza Clairborne, Disney and now The Gap contrasted with Ferragamo and Cartier. So a lot of retailers look at Fifth and say 'Is that really for us?'"

Further, Madison Avenue above 61st Street offers plenty of low-rise buildings, which are closer to the look of stores in Europe.

The Italians have demonstrated a particular fondness for the avenue. There is Armani and Prada, as well as Moschino, Valentino, Etro, Versace and Dolce & Gabbana. Agnona, a cashmere retailer based in Milan, will open this summer. But Ralph Lauren got the whole thing going a decade ago when he opened the Rhinelander Mansion on Madison Avenue at 72d Street. And Calvin Klein has been a retail resident of Madison Avenue since 1995.

They sparked what would finally become an all-out trend in which designers set up their own retail castles, partially to escape the grip of department stores and specialty retailers.

In a store of one's own, designers can transmit their image in any way they wish, and customers are treated to fuller collections and often superior service than they get in the department stores. Designers can also benefit from the vertical nature of this arrangement — they are their own suppliers — which is important given that these stores' ability to generate enough sales to be truly profitable is dubious at best.

Of course, all of this vanity real estate tends to make some retailers a little nervous. "Of course, we want to be the exclusive retailer for everything," said one retail executive, who spoke on the condition of anonymity for fear of angering any fashion vendors.

JENNIFER STEINHAUER covers retail for The New York Times.

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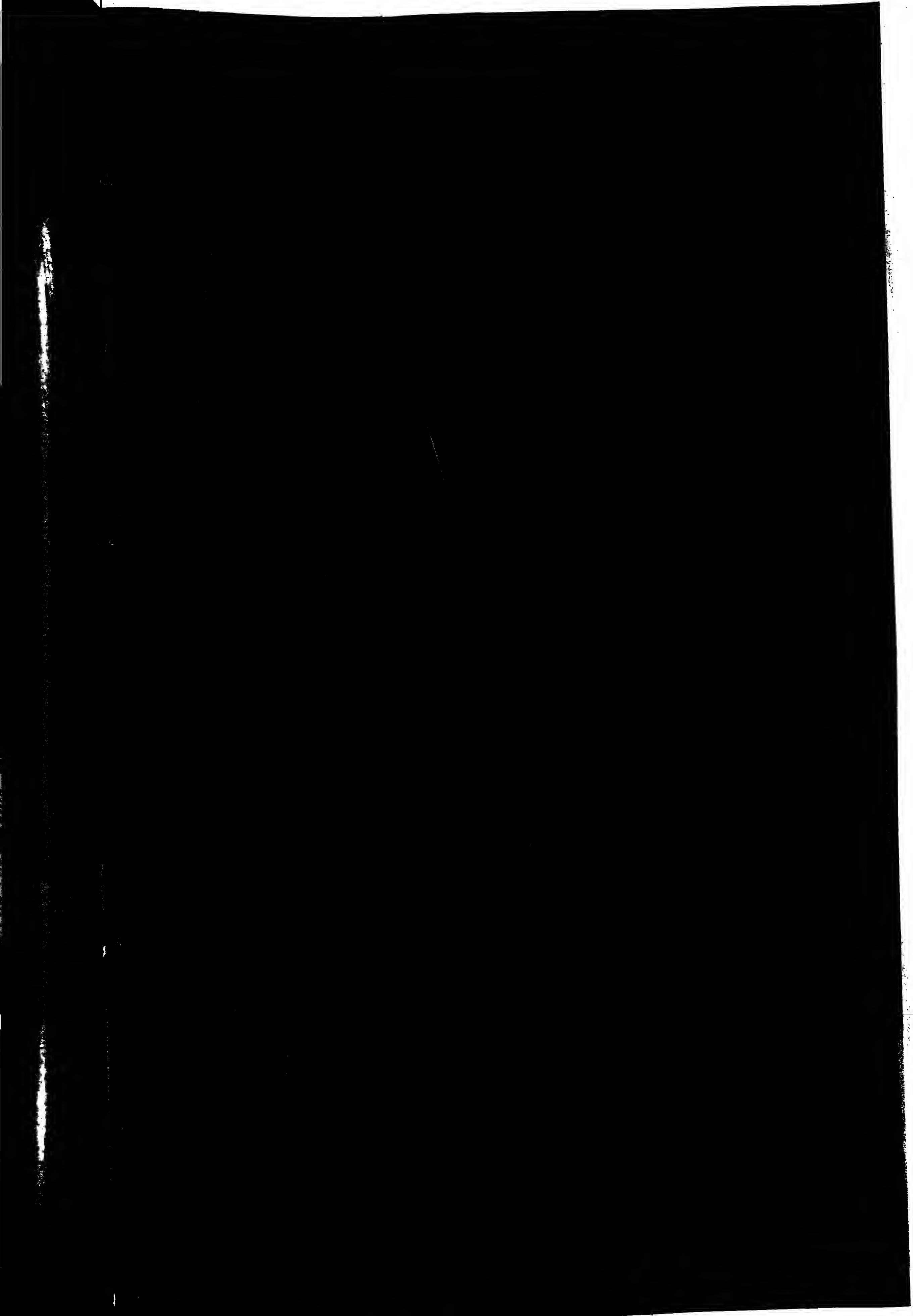
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FASHION / A SPECIAL REPORT

Creative Twist on Undergarments: Lingerie Turns Itself Inside Out

By Rebecca Voight

PARIS — Fashion transparency and the return to hyper-femininity have put lingerie on a roll that is picking up speed every season. The French have always maintained intimate ties to flirty underpinnings, sweet nothings still fly through the air in the elaborate window displays (Paris's classic neighborhood lingerie shops, and naughty nighties remain a staple in touristy Pigalle).

While for a certain generation of women, particularly in France, fine lingerie has always been part of a feminine wardrobe, its current turn in the limelight is attracting a new, younger customer. What the French call "dessous," meaning underthings to wear on top, is giving creative lingerie a double life.

One of the first to understand this was the French designer Chantal Thomass, who has been developing hosiery for the past year for the Austrian manufacturer Wolford. Its development of sexy body stockings and its launch six months ago of Swimbody, its first seamless swimwear collection designed by Thomass, shows the hosiery giant moving closer to

the lingerie world. Hubert Barrere, the corset maker who worked for Jean-Paul Gaultier and Alexander McQueen at Givenchy, is fascinated by the corsets and would never dream of hiding one under a dress. Barrere can hardly keep up with his orders. He has done the corsets for the Dior ready-to-wear this season, and he maintains his atelier for private orders and his own ready-to-wear collection.

"The most interesting thing for me is finding out how to make the corset work for modern women. You can easily reduce the waist by 5 centimeters [1.9 inches] with a corset, but I wouldn't go any further than that," he said. "I've put zippers on the sides of mine so that once the laces are adjusted, a woman doesn't need a maid to get her dressed."

Presenting a runway show during Paris collections week is the Australian designer Colette Dinnigan who has been working with lace from top to bottom for 10 years. Dinnigan's lingerie, which sells at Barneys New York and Harvey Nichols in London, offers her mix of cutting-edge and heirloom style without a hint of froufrou. The ready-to-wear pieces include modern evening wear, but also skinny pants and skirts that bring lingerie style out for day.

"Before, lingerie on all levels of the market was produced exclusively by huge companies from Dim to La Perla. What's new is the collection approach from individual designers offering a personal point of view," says Mary Gallagher, who scouts European collections in Paris for London's Harvey Nichols.

Paris's cozy department store Le Bon Marche (5 Rue de Babylone) has seized the moment to revamp its lingerie department. Transferred from the ground floor upstairs next to women's ready-to-wear, the 1,500-square-meter (161,146-square-foot) space looks like a well-loved boudoir, including a central salon where customers can meet and read magazines and spacious fitting rooms equipped with telephones to call discreetly for sales help.

Claudine Friou, head of the department, has seen a change in the way women buy lingerie. "What used to be a necessity has become an impulse buy, and we wanted to take full advantage of that by creating an enticing space," she says. "We want women to make a date in meet friends in the department. Shopping for lingerie should be a pleasure."

The French designer Capucine Puerari has been mixing lingerie, day and

evening wear since she began in 1983. "When I started there were lingerie collections which could double as evening wear, but they were so ornate. My idea was first to apply ready-to-wear to give lingerie a fresh look and the slips soon turned into slip dresses," she says.

Puerari's Paris shop (63 Rue des Saints Peres) is equally divided between lingerie and clothes. And everything is displayed on hangers like ready-to-wear. "I'm concerned with comfort and that means taking the heavy construction out of lingerie and including invisible, lingerie-style support in evening dresses. Presentation is very important too. Customers should be able to shop lingerie as easily as they do clothes."

ALTHOUGH Puerari has been mixing genres for over a decade, she does see a change now. "Lingerie used to rely on classics, but it has become a fashion business. I have more new styles than traditional models in every collection."

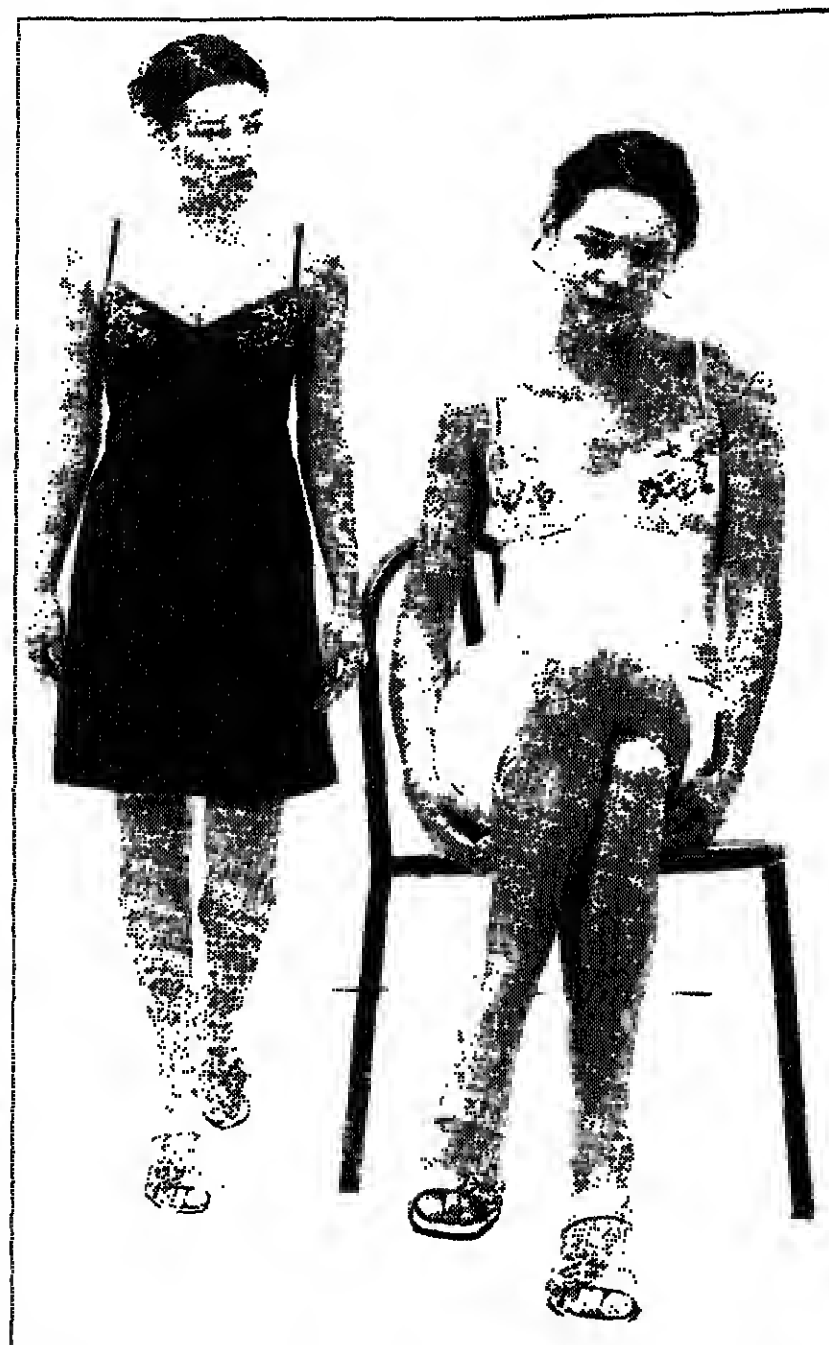
For the French designer Fifi Chachnail, lingerie has helped customers understand her ready-to-wear. "It was a natural extension of what I was already doing. My clothes have always been very feminine with a very high bust line and cinched waist. When I introduced lingerie, my customers got a sense of structure."

Fifi Chachnail Pour La Lingerie (68 Rue Jean Jacques Rousseau) began lingerie to offer an alternative to T-shirts and jogging pants at home. One of her biggest customers is London's Agent Provocateur, and Frederick's of Hollywood, the kitsch U.S. lingerie store, has asked her to design special models. Her lingerie has also opened doors for her ready-to-wear collection. "Retailers like Barneys began buying the lingerie and now they're ordering my ready-to-wear, too," she explains.

For the 26-year-old Vannina Vespini, one of France's newest "dessous-dessus" designers, the interest in lingerie has put her career on a fast track. In 1991, just out of school and still in her first job as a stylist for the French brand Bolero, Vespini presented her designs to New York's Takashimaya who ordered and financed half her startup costs. Orders from Bergdorf Goodman, Neiman Marcus and Hoog Kong's Joyce soon followed.

Vespini shows both at Atmosphere and at France's lingerie fairs, but she considers herself a lingerie designer first. "What's helped me is the new interest ready-to-wear stores have taken in lingerie," she says. "But there are already too many clothes designers. Lingerie is really my niche."

Sabbia Rosa's Monette Moatti concurs. Her store has been one of Paris's



Slip dresses by Puerari who likes to mix lingerie, day and evening wear.

most secret and luxurious addresses for the past 20 years. Moatti has always preferred to remain exclusive. Outside of its Paris store (73 Rue des Saint Peres), Sabbia Rosa sells only in the United States to a few shops like Maxfield in Los Angeles. Dressed in a fog grey angora cardigan and long anthurite satin slip inset with lace, Moatti looks more like work than cocktails.

Women have come around to her way

of thinking about lingerie, but she's not interested in ready-to-wear. "I like lingerie for what it has always been — a very intimate statement of femininity. If I add anything to Sabbia Rosa now it will be silk stockings in 25 colors to match the rest of the collection."

REBECCA VOIGHT is a Paris-based journalist specializing in fashion.

Young Designers Reinvent Couture

By Michelle Loyer

PARIS — After being declared dead, haute couture, or at least its spirit, is enjoying a revival. During the past decade, faced with the fading loyalty of their private clientele, many couture houses have chosen to hype their image rather than pay more attention to the changing needs of their clients.

The irony is that by doing so they have created an opportunity for a new wave of couture designers — call them *nouvelle couture* — who with a shrewd sense of timing, are out to meet women's demand for high-quality clothes and personal attention at prices way below couture level.

These new designers also are riding a wave of customer dissatisfaction with being told what to wear and when. "Women are tired of uniforms," says Koji Tatsuno, a Japanese designer. "They want creative clothes which express their individuality."

Although Paris is still the headquarters of couture, it is London with its exuberant street scene that deserves the credit for the rebirth of the couture spirit — and for teaching many of the new couturiers their craft.

Tatsuno, 34, is a case in point. At age 18, he left Tokyo for Europe in search of a job. He landed in London, where he survived by selling antique furniture and making shirts for himself and his friends out of antique kimono fabrics.

Tatsuno's break came when a London shop, Brown, liked the shirts so much that it ordered a dozen. They sold out immediately, and soon he was asked to design a small ready-to-wear collection for the shop. Meanwhile, Tat-

suno, whose sewing expertise was next to zero, went to work as an apprentice on Savile Row, where he learned the secrets of English tailoring.

In 1986, he opened his own boutique in the fashionable Mayfair district, specializing in one-of-a-kind pieces cut from old textiles. The rest of his story is predictable: the discovery by the fashion press, which led to a show in Milan, then to Paris, where he finally settled.

After trying his hand at ready-to-wear, Tatsuno decided to concentrate on making what he liked best: custom-made clothes, paralleled with a very small ready-to-wear line. In 1995, he gave up the Mayfair shop to open a boutique in Paris.

Tatsuno keeps his business on a small scale. Low overhead costs allow him to keep prices moderate. A pin-striped flannel suit with the impeccable cut of a Saville Row jacket costs only \$800, including three fittings.

When Marie-Ange Depereq came to London from Paris in 1986, armed with a cursing degree but no formal fashion training, she broke into the business by sewing evening dresses and theater costumes by day and working as a nurse by night. Eventually she was hired as a seamstress by Hartnell under the designer Marc Bohan. Within six months she was promoted to muslin maker, and within two years she was head designer for the dress section.

Despite her rapid rise at Hartnell, however, when Depereq returned to Paris in 1992 she found no jobs available either in couture or in ready-to-wear. But she was eventually able to turn her specialty, wedding gowns, into a lucrative niche. Today Depereq has a bridal salon on the plush Rue Royale. Her international clientele pays \$4,000

to \$20,000 for a custom gown, depending on fabric, style and embroideries.

One of the few *nouvelle couture* designers who can boast a genuine couture background is Dominique Siro, 40, who spent two decades working as an assistant to Yves Saint Laurent and Hubert de Givenchy. In 1996, he decided to open his own house. He now works out of the Pigalle district.

Siro says his long apprenticeship allowed him to observe the changes in the couture world and to understand why many houses lost their edge. "I saw the couturiers lose touch with the real world, turning into living myths by secluding themselves in the rarefied atmosphere of their studio," he says.

Siro is determined to keep in sync with his clients' demands: custom-made clothes with a minimum of fittings at reasonable prices. At the time of the couture collections, he shows a small collection of sophisticated day and evening wear. Siro's designs require only one fitting and are delivered within three weeks. The price range competes with better ready-to-wear: from \$4,000 for a suit to \$8,000 for an evening dress.

Stephane Rolland spent four years at Balenciaga before branching out on his own in 1993 as a designer of uniforms — an unfashionable but highly profitable business. Two years later, he opened his own fashion house in the 16th arrondissement.

Apart from his ready-to-wear collection, Rolland designs a small couture line for a private clientele ready to pay from \$6,000 to \$40,000 for a custom-made outfit. His couture clients buy an average of six outfits a year.

MICHELLE LOYER is a freelance journalist based in Paris.

From Galliano, Aura of Ancient Egypt

Continued from Page 11

with it, and it cut and attention to detail are exemplary. But it will take different generation to my his work.

Chloe was another planet as the models gamboled through a fair landscape, raked with her beams, playing handball with the dangling satellite balloons. It was all very futuristic, except for the chloes, which remained stubbornly earthbound somewhere in the 1970s for Karl Lagerfeld's farewell collection.

Why, after five years, did

Lagerfeld's reprise of Chloe never work? This collection followed the romantic, feminine vision he has conjured up, with lacy knits in faded pot pourri colors and with full sleeves. Think chiffon blouse under long knit tunic. Think medieval princess. Think flower children. But, in spite of flat silver crescent-moon jewelry and lucite-heeled shoes or leopard-print vinyl mixed with lace, don't think modern. And that was the problem.

Lagerfeld has transferred to Chanel's evening wear all the light-handed fluidity he invented at Chloe in the

1970s. Although Friday's show closed with pretty evening clothes — tucked and draped jersey gauze dresses and floaty chiffon in a lunar print — much of the show looked heavy.

"He contributed a lot," said Mounir Moufarrige, Chloe's president as Lagerfeld waved goodbye with his fan and fled. Moufarrige said that three designers are now on his short list. But a Paris source said categorically that Milanese Luisa Beccaria is out of the running.

Why is it so difficult to find designers when fresh talents seem to be sprouting across

Paris? Take Gilles Rosier. This designer sent out a fine collection based on sharp cutting in soft fabrics. His theme was the scarf, integrated as a jacket collar, unfolding into a fringed skirt, or curling like smoke into a turned-under jacket hem. Christophe Roussel also explored cut, marking the geometry of his seaming with colored ribbon on toiles, the better to appreciate his feminine tailoring. It was all very couture — fashion's way to go.

SUZY MENKES is fashion editor for the International Herald Tribune.

Decadent Look Makes a Comeback

Continued from Page 11

the redning. When it comes to decadence, these guys are amateurs.

At times when men are the true fashion victims and models the most pitiful and shamefully used to portray some kind of sordid, sybaritic heaven only fashion mogs can dream of, the string in the bed is both funny and disturbing.

The decadence of certain 19th-century poets also had its superficial aspects, the snobbery, the posing, the big moments between daks who they believed they would be young forever, but there was a driving force in the later part of that century, of despair and historical com, that gives resonance to the sulphurous words or for that matter to the over-the-top images of dandies and precious poets. Some of them paid a very steep price, and AIDS can only imperfectly be compared to the yphitis that got Baudelaire and so many others.

If the dandies come closer to today's fashion images,

still the fit isn't right: They were on the whole extremely well-educated and mildly talented, able to spin out technically perfect and boring sonnets or to paint lilies, play an instrument or sing.

Fashion, however, moves too quickly, too brightly, too commercially to do anything in depth or really dip into the artistic past, or handle all this terribly dark-curtains stuff. Which is why there is something desperate and empty in these ads. Today's driving force is boredom. Baudelaire's spleen without the poetic content.

The most disturbing thing is just how politically correct today's take on decadence is: Family values are politically incorrect and the wasted look is somehow a political statement — AIDS and millennial angst and so on.

Victimhood being hot, that is surely part of the sick reasoning for putting children on prurient display, with emphasis on the I'm-a-runaway look — dirty hair and spotted faces. Does this really reflect a sick society, or does it just reflect a small group's view that it's cool to talk about

society's "victims" driven by bad people inward drugs and so on? But whose victims could these models and the images they represent be except those of the fashion companies?

Fashion's genius is not in decadence, but in frivolity — the very best kind, the luxury of texture and color and draping and workmanship that makes fashion, at its best, come close to art.

Fashion designers are the masters of a decorative art that touches people more than any other. Christian Lacroix projects joy and theatrical splendor amid great southern warmth; Galliano produces exquisite frivolity.

The late 20th century is not a time for great art — indeed

the sterility of the landscape is one of the reasons that Europeans and Americans spend so much time sniping at each other over who's ahead in the art race. And that is why fashion today at its best feels like art, why it projects a kind of aesthetic, almost spiritual, epiphany, that is lacking in art.

Want to bet what people will still be looking at in 100 years? Worth, Dior, Saint Laurent, Lacroix and more, not Damien Hirst and not Andres Serrano and not Cindy Sherman. This of course says more about art than it does about fashion. Wicked times.

KATHERINE KNORR is a deputy editor of the International Herald Tribune.

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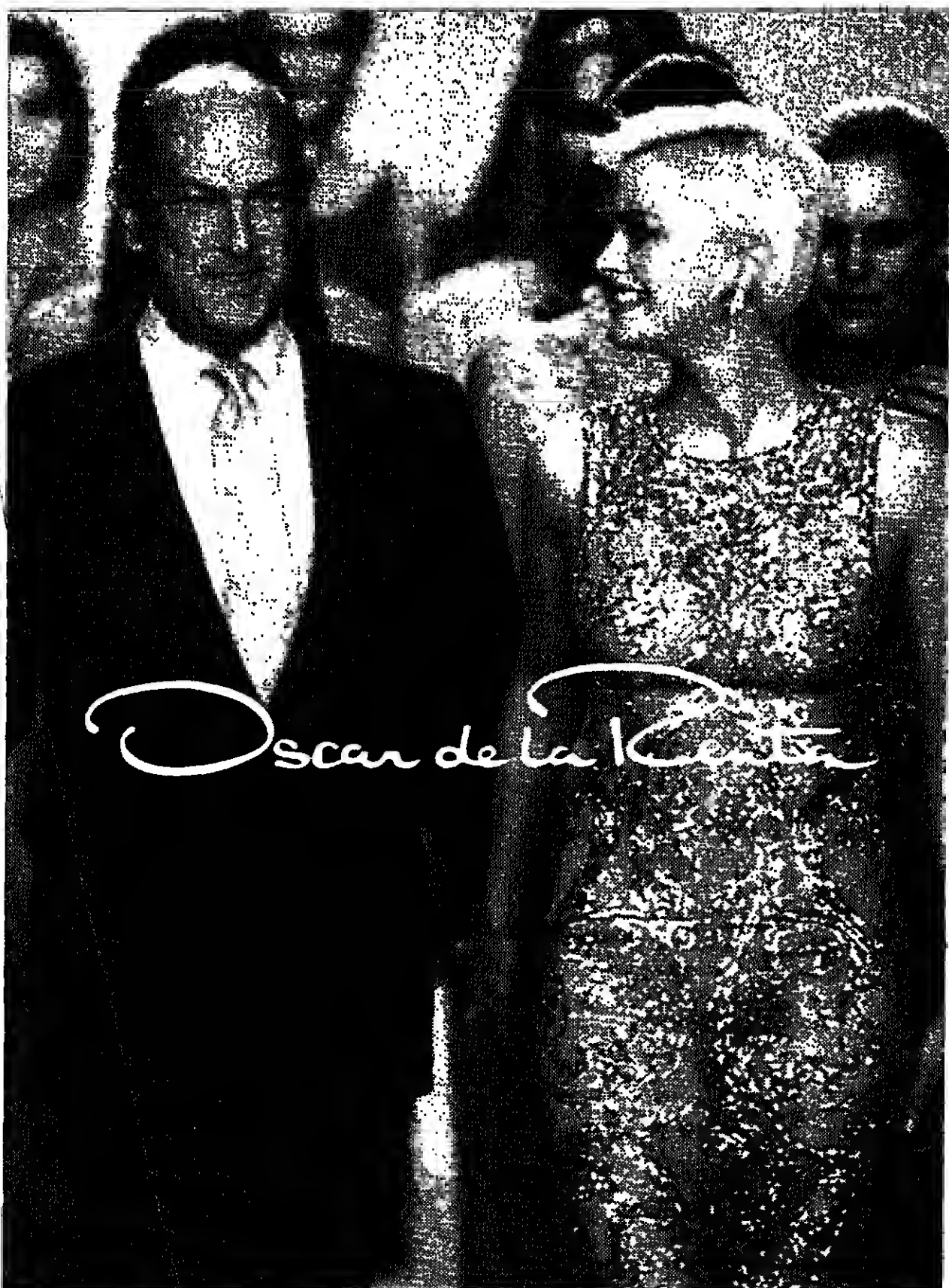
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Symbol	Price	Change
IBM	100.00	0.00
MSFT	34.00	0.00
GOOG	27.00	0.00
AMZN	34.00	0.00
EBAY	34.00	0.00
YHOO	34.00	0.00
GOOGL	27.00	0.00
AMZN	34.00	0.00
EBAY	34.00	0.00
YHOO	34.00	0.00

IBM, Microsoft, Google, Amazon, eBay, Yahoo, and other major tech stocks were flat in Friday's trading. The market was characterized by a lack of significant movement in the technology sector, with most shares trading in a narrow range. Analysts noted that the market was waiting for more news from the Federal Reserve regarding interest rates.

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By John M. Berry
Washington Post Service

NEWS ANALYSIS

See RATES, Page 16

Hugging America's Hips

Photograph of Guess jeans by
Naum Kazhdan/
Illustration by Tim Oliver/

By Jennifer Steinhauer
New York Times Service

While the industry has always attracted upstarts — Guess grew from

See JEANS, Page 19

By Peter Passell
New York Times Service

While hardly anyone thinks a change in foreign-aid policy could cure all that ails Africa, there are promising precedents for the tough-love approach.

But a war on African poverty would require overcoming the weary sense of hopelessness that surrounds attitudes toward Africa. "The essential question," argues Albert Fishlow, a development specialist at the Council on Foreign Relations, is, "do we take Africa seriously?"

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NO. OF GAMES: Focus must be on Number of Games and Play/Paid	27 DRAWS 9 weeks	60 DRAWS 18 weeks	123 DRAWS 36 weeks
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Bangkok Suspects Five of Loan Fraud

The government took control of the bank in May 1996, after a central bank

of the central bank, said tax funds would be used to improve Finance One's condition before the takeover.

EUROPE

Waigel Unveils Plan For Tax Cuts to Spur German Economy

Compiled by Our Staff From Dispatches

BONN — Finance Minister Theo Waigel on Friday unveiled his legislative proposals for big corporate and income tax cuts to create new jobs by stimulating the German economy.

The ruling coalition's tax package and pension reforms, which are currently being finalized, are the two main economic reforms that Chancellor Helmut Kohl hopes will lay the foundation for a record fifth election victory next year.

The opposition Social Democrats, who want tax cuts to benefit ordinary workers, opposed the government's plan, and no date was set for the resumption of talks aimed at resolving differences over tax reform.

Germany, under pressure to cut unemployment from postwar record levels while at the same time containing its budget deficit in order to take part in a single European currency, cannot resort to the age-old method of boosting spending.

Instead, it wants to give companies room to grow by cutting taxes. Tax cut programs in North America and Britain over the past decade show that they can produce a sounder base of government revenues, Mr. Waigel said.

"With these proposals, fiscal policy is showing the way to more growth and jobs in our country," he said. The reform could boost economic growth by half a percentage point a year and investment by 1.5 points, he said.

Under the reforms, average tax rates on companies would drop to 40 percent from 47 percent next year and to 35 percent in 1999.

By slashing Germany's steep income and corporate tax rates, the proposals would also make the country more attractive to foreign investors, he added.

The tax proposals, which would allow up to 30 billion Deutsche marks (\$17.6 billion) in net tax cuts, would eliminate many tax breaks to broaden the tax base and simplify the system.

They would also raise indirect taxes such as the value-added tax or petroleum tax to finance part of the income tax cuts.

Mr. Waigel said that a government spending freeze was still under consideration but that no concrete decision had been made.

While the bulk of the tax reform would take effect in 1999, some parts would start next year and the package could boost the economy this year as companies accelerate investment to take advantage of tax breaks that are set to expire, he said.

(Reuters, AFP)

Honda Beachhead in Turkey

Carmaker's 5-Year Perseverance Set to Yield Rewards

Bloomberg News

ISTANBUL — The first Honda automobiles made in Turkey are expected to roll off assembly lines this winter, and their arrival will be a testament to the triumph of hope over experience.

Honda Motor Co. spent five years and \$25 million to build its first Continental European factory on the outskirts of Istanbul. Along the way it weathered a deep recession in an economy that is trying to break with its feudal past.

For its perseverance, Honda hopes to gain a bigger share of Turkey's \$3.5 billion car market. Analysts say that number could double by the turn of the century.

"The demand in buy cars is there," said Alpay Guler, a senior equity analyst at ING Barings. "There's a huge potential."

Honda's cars will be made under a joint venture with Anadolu Endustri Holding AS, which has also invested \$25 million and whose businesses include beer-making and car-exporting. The venture joins a growing list of foreign auto ventures that include Toyota Motor Corp. of Japan, Fiat SpA of Italy and Renault of France. The Korean automaker Hyundai Corp. is also considering plans to build a Turkish plant.

These carmakers all see a wealth of potential in Turkey. Turkey's gross national product has been growing at an annual rate of 5 percent for the past 15 years. The Istanbul Stock Exchange's benchmark National Index was among the top 10 performers in Europe last year.

The consumer auto market, still in its infant stages, promises growth — only 50 out of every 1,000 citizens own a car, compared with 500 per 1,000 in West European countries.

But the road to building cars in Turkey can be bumpy, as Honda discovered five years ago when it decided to open a factory there. Until then it had been importing cars from its plant in Britain.

While Honda was looking for a place to build a plant, Turkey was plunged into an economic crisis over devaluation of the lira. The Turkish government had to ask the International Monetary Fund for help. The inflation rate soared to 150 percent, and wages, especially for government employees, were almost frozen. Within a year, the economy began to stabilize.

Turkey's politics over the years also have proven to be a source of frustration. In the past year and a half alone, Turkey has had three governments because of political rancor.

"Turkey is trying to complete its development in a democratic way," said Kutsan Celebicin, the vice president of finance at Koc Holding AS, Turkey's largest industrial company and a partner in a car-making venture with Fiat. "It's unavoidable that you'll have hiccups in political life."

Turkey's entry last year into the tariff- and quota-reducing Customs Union with the European Union ended government protection policies on industry, and sales of imported cars nearly tripled, to about 58,000.

Honda plans to make 10,000 Civic models the first year at its plant in Gebze, a suburb of Istanbul and close to major ports. The company plans to increase production capacity to 100,000 by the turn of the century.

"We believe some eight months from now, production will be started," said Metin Ecevit, the managing director of Anadolu Honda.

German Production Slips

Germany's car production dropped 7 percent to 378,900 units in February from a year earlier, said the German automobile industry association, or VDA. Bloomberg News reported from Frankfurt.

New registrations for February fell 3 percent to 258,000 cars, according to the group's estimates.

Total vehicle production, including cars, trucks and heavy commercial vehicles, was 406,400 units in February, down 7 percent from a year ago, the association said.

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
3400	4500	2850
3200	4300	2650
3000	4100	2450
2800	3900	2250
2600	3700	2050
2400	3500	1850
2200	3300	1650
2000	3100	1450
1800	2900	1250
1600	2700	1050
1400	2500	850
1200	2300	650
1000	2100	450
800	1900	250
600	1700	50
400	1500	-150
200	1300	-350
0	1100	-550

Very briefly:

- **BAT Industries PLC** shares fell 2.5 percent to 540.50 pence (\$8.63), a day after a Mississippi court allowed the state to proceed with a lawsuit against the maker of Kool and Lucky Strike cigarettes, claiming reimbursement for the costs of treating smoking-related illnesses.
- **NatWest Markets** said three managing directors resigned amid a shake-up of the investment bank's debt markets business. They are Johan Hattingh, head of European fixed income; Alby Cator, head of primary markets; and Colin Senior, head of leasing and asset finance.
- **Deutsche Post AG's** operating profit rose 54 percent last year, to 560 million Deutsche marks (\$328 million), after the postal service cut its payroll 7.2 percent in anticipation of new competition next year.
- **France's** current-account surplus widened 2.4 billion francs (\$418 million) in December, lifting the surplus for the year to a record 101 billion francs.
- **United News & Media PLC**, a television and newspaper group that doubled its size last year after a merger with television and financial services group MAI, said pretax profit for 1996 rose 12 percent, to £290.2 million.
- **Spain's** central bank cut its benchmark lending rate 25 basis points, from 5.75 percent to 5.50 percent, after a report that inflation fell to a 30-year low.
- **Heineken NV's** 1996 profit fell 1.4 percent, to 655 million guilders (\$343 million), after a cool summer hurt beer sales.
- **Schering AG**, a German pharmaceutical company, saw its net profit last year rise 46 percent, to 362 million DM.
- **Benetton Group SpA** will propose a bonus issue of one share for every 25 held and issue a 500 billion lire (\$298 million) bond at a shareholders meeting April 29.
- **Mannesmann AG** of Germany said 1996 pretax profit rose 10 percent, to 1 billion DM.

Another Disaster for French Bank: Theft at Belgian Unit

By Barry James
International Herald Tribune

PARIS — The Belgian subsidiary of Credit Lyonnais reported a major theft Friday after a member of the French Parliament's finance committee said fraud and theft accounted for at least 5 billion French francs (\$874.6 million) of losses at the bank in recent years.

Earlier this week, members of the committee said that the cost to the taxpayer of rescuing the state-controlled bank was likely to be in the region of 130 billion French francs.

The bank's shares fell 5.5 francs on Friday, to 191 francs.

In Paris, Charles Amadee de Courson of the National Assembly's finance committee, said previous directors of the bank and its subsidiaries, certain executives who had dealings with the bank and consultants had skimmed off billions.

He said the "laxness" with which the bank's directors, including the former president, Jean-Yves Haberer, was "incredible."

Credit Lyonnais, then Europe's largest bank, went on a buying spree at the end of the 1980s, acquiring real estate just before the bonum dropped out of the market, and making other dubious investments.

These have been hived off into a separate company, Consortium de Realisation, for resale. Mr. de Courson said the fraud and thefts were discovered when CDR audited the assets it had acquired.

He said he would press for prosecutions of those who had embezzled at the bank in France, estimating that there would be 100 cases. The French Ministry of Finance said 45 criminal investigations and 100 civil cases were under way.

The bank said Daisy Ragolle, an accountant, transferred money to her husband, Laurent Deney. Both were arrested.

Mr. Cloes said the woman had created a complex mechanism for moving around small sums of money that had been difficult to track amid the large sums of money the bank moves every day. He said the bank had placed trust in the employee, who had worked there for 30 years.

The estimate of a 130 billion-franc rescue operation was much higher than the 45 billion-franc minimum estimate put forward last month by Finance Minister Jean Arthurs. The French government, which gave the bank 45 billion francs two years ago to straighten out its affairs, is preparing a fourth rescue plan, but must get the approval of the European Commission.

WORLD STOCK MARKETS

Friday, March 14
Prices in local currencies
Tolators

High Low Close Prev

Amsterdam

ASEX Index	134.90	134.50	134.90	134.90
Amst. 100	134.90	134.50	134.90	134.90
Amst. 200	134.90	134.50	134.90	134.90
Amst. 300	134.90	134.50	134.90	134.90
Amst. 400	134.90	134.50	134.90	134.90
Amst. 500	134.90	134.50	134.90	134.90
Amst. 600	134.90	134.50	134.90	134.90
Amst. 700	134.90	134.50	134.90	134.90
Amst. 800	134.90	134.50	134.90	134.90
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Amst. 2000	134.90	134.50	134.90	134.90
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Friday's 4 P.M.

Friday's 4 P.M.
The 1,000 most-traded National Market securities
In terms of dollar value, updated twice a year.
The Associated Press.

12 Month	24 Month	36 Month	48 Month	60 Month	72 Month	84 Month	96 Month	108 Month	120 Month	132 Month	144 Month	156 Month	168 Month	180 Month	192 Month	204 Month	216 Month	228 Month	240 Month	252 Month	264 Month	276 Month	288 Month	300 Month	312 Month	324 Month	336 Month	348 Month	360 Month	372 Month	384 Month	396 Month	408 Month	420 Month	432 Month	444 Month	456 Month	468 Month	480 Month	492 Month	504 Month	516 Month	528 Month	540 Month	552 Month	564 Month	576 Month	588 Month	600 Month	612 Month	624 Month	636 Month	648 Month	660 Month	672 Month	684 Month	696 Month	708 Month	720 Month	732 Month	744 Month	756 Month	768 Month	780 Month	792 Month	804 Month	816 Month	828 Month	840 Month	852 Month	864 Month	876 Month	888 Month	900 Month	912 Month	924 Month	936 Month	948 Month	960 Month	972 Month	984 Month	1000 Month
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1. 凡在本行開辦之各項業務，均應遵守本行所定之規章制度，並應隨時注意業務之改進，以期提高服務品質。
 2. 本行所定之規章制度，係根據國家法律及金融法規訂，凡有違反者，將依法究辦。
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一、本會為維護會員權益，特訂定本會章程，凡加入本會者，均須遵守。
 二、本會之宗旨，在於促進會員間之交流與合作，共同發展。
 三、本會之組織，由會員大會、理事會及監事會組成。
 四、本會之經費，由會員繳納會費及社會捐助組成。
 五、本會之活動，包括學術研討、文化講座及社會服務等。
 六、本會之榮譽，由理事會頒發，以表彰對社會有貢獻之會員。
 七、本會之修改，須經會員大會三分之二以上多數通過。
 八、本會之解散，須經會員大會三分之二以上多數通過。
 九、本會之章程，自公布之日起施行。
 十、本會之章程，如有修改，應經會員大會通過。

Friday's 4 P.M. Close
(Continued)

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ASIA/PACIFIC

Giordano Sells Stake To Chinese Deal Seeks to Lift Beijing's Barriers

Bloomberg News
HONG KONG — Giordano International Ltd., a Hong Kong retailer, said Friday it had sold a stake to companies backed by the Chinese army and other powerful ministries to overcome official resistance to its expansion in China.

Giordano, one of Asia's fastest-growing clothing retailers, has been thwarted on the mainland for three years after an article critical of Chinese officials was published in Next magazine, which is owned by Giordano's founder, Jimmy Lai. That led to the closure of Giordano's flagship Beijing store in 1994 and 11 stores in Shanghai in March 1996. Mr. Lai has since resigned.

The company said Friday it would sell 40 million new shares — equal to 5.3 percent of its enlarged capital — to the five investors for \$85 million Hong Kong dollars (\$25.3 million), or 4.90 dollars per share. Giordano shares were unchanged Friday at 4.975 dollars.

"We want to open up the north China market with Giordano," said Xiao Jiang, general manager of China Haian Enterprise Group Corp., one of the five companies. Most of Giordano's China stores are in southern Guangdong province.

While Chinese authorities have blocked Giordano's expansion because of Mr. Lai's critical comments, officials have now begun to realize Giordano's commercial potential, Mr. Xiao said.

The investors include China Haian Enterprise (Beijing) Corp. and Beijing Haian Aviation Service Co. Another investor, Dalian Sanding Economy Trading, is controlled by the general logistics department of the People's Liberation Army, Mr. Xiao said. Tianxin Investment & Development is part of China Aerospace Corp., formerly the Aerospace Ministry.

Haian itself is linked to the State Economic and Trade Commission, the public security authorities and "other financial bureaus," Mr. Xiao said.

On Rates, Asia Takes Its Own Cues

Bloomberg News
HONG KONG — When U.S. interest rates rise, Asia trembles. For the first time in two years, Federal Reserve Board policy-makers may be poised to raise rates — and with them, the cost of money for much of Asia will rise. From Hong Kong to Sydney, stocks tumbled Friday at that prospect.

This time around, though, many Asian companies and investors are not dreading a Fed tightening. In fact, few expect rates to rise much in this part of the world.

In Japan, where financial companies are too weak to withstand tighter credit, rates will not rise at all any time soon, investors say. Unlike 1994, when the Fed last started to raise rates, there is no bubble to burst in many of the region's stock markets.

For world markets, "the rise will be less poisonous than 1994," said Abby Joseph Cohen, a managing director at Goldman, Sachs & Co.

Many economists said the chairman of the Federal Reserve Board, Alan Greenspan, and his team would vote for higher rates at a policy meeting March 25.

But they added that tighter credit

should not trigger the routs in Asian stock markets that it prompted in 1994, when markets like Hong Kong had their worst year in more than a decade.

For one thing, investors do not expect the Fed to keep raising rates as it did in 1994 and 1995, when it raised the federal funds rate seven times.

That rate, which the Fed charges banks for short-term loans, now stands at 5.25 percent.

For another, some Asian countries — the Philippines, Singapore and Indonesia among them — are less tied to U.S. monetary policy than they were a few years ago.

In Singapore, where economic growth is near its slowest in a decade, authorities will be reluctant to follow a rate rise by the Fed, analysts say.

In the Philippines, the economy is growing at its fastest pace in seven years, the inflation rate is running at a 10-year low and corporate profits are expected to rise by a third this year. All this, say

analysts, will help the country weather rising rates.

Hong Kong, which keeps its currency pegged to the dollar, is certain to raise rates when the U.S. does — a move that may help take the steam out of the territory's property market.

In Malaysia, where the rate banks charge each other for three-month loans rose to 7.35 percent currently from 5.525 percent a year ago, tighter credit in the United States just delays a cut in rates that many people are expecting.

Thailand, which is struggling to shore up its financial industry and property market, kept its interest rates high even when the Fed started cutting them back in 1995 to fight inflation.

With the economy now growing at its slowest pace in a decade, the last thing Thailand needs is tighter credit. The Bank of Thailand may go against the grain again and eventually push rates lower, whatever the Fed does, once the

country's current-account deficit narrows. A half-point rise in U.S. rates may only delay a cut in Thai rates, economists said.

Hong Kong, which pegs its currency at about 7.70 to the U.S. dollar, has the most to lose. Property prices rose as much as 40 percent last year and are now near record highs, and higher rates would raise developers' costs and could deter some home buyers. The Hong Kong Monetary Authority is certain to mirror any rate rise by the Fed to maintain its currency peg.

Rob Brewis, a fund manager at Credit Lyonnais International Asset Management Ltd., said he had reduced the allocation of Hong Kong stocks in his regional portfolio to 30 percent from 40 percent in anticipation of higher rates. In recent weeks, other fund managers did the same.

Yet even if rates rise 0.5 percentage point, Hong Kong corporate earnings will not be hurt much, executives and analysts said.

"A small rise in rates won't mean much for us," said an executive at Hysan Development Co. Ltd., one of Hong Kong's largest property investment companies.

Tighter U.S. credit would not trigger a rout in Asian markets.

Exxon Slates Huge Plant On Island Off Singapore

Bloomberg News
SINGAPORE — A unit of Exxon Corp. said Friday it would set up a \$2 billion petrochemical plant in Singapore, the biggest that Exxon has ever built from scratch. Exxon Chemical Singapore Pte. said the project, scheduled to start production in 2000, would be fully integrated with an Esso Singapore oil refinery that, along with other refineries in the region, will provide the feed stock.

The complex is to be located on a reclaimed island off Singapore's southern coast. Its main component will be an 800,000-ton-per-year steam cracker to make ethylene, propylene and other products for several major downstream chemical plants.

There will also be three downstream plants to produce polyethylene, polypropylene and oxo-alcohol. These chemicals are necessary to produce plastics for shampoo bottles, milk bottles, fruit juice containers, packaging material, beer crates, floor coverings and medical products.

The plant will be 100 percent owned by Exxon Chemical Singapore, the local affiliate of Exxon Chemical Co., a unit of Exxon Corp.

"It's a milestone project," said Philip Yeo, chairman of Exxon Chemical.

Sky-High Fees Set in Hong Kong

Bloomberg News
HONG KONG — Hong Kong's new airport will be the third-most expensive in the world for airlines under a proposal to more than double fees there.

Higher fees for parking, landing and unloading passengers at the \$20.3 billion airport, which is scheduled to open in 1998, will raise costs for all airlines flying into Hong Kong and squeeze in particular the territory's Cathay Pacific Airways Ltd.

"Every penny counts," said Jean-Louis Morisot, analyst at Goldman Sachs Singapore Pte. He said he would cut his 1998 and 1999 profit forecast for Cathay if the government imposes the proposed fees.

The Airport Authority, which oversees the new Chek Lap Kok airport and has the final say on the fees, said it was raising charges to avoid an operating loss.

Airport officials met with airline representatives seeking lower fees for two days this week and they will hold a sixth round of talks in the week starting April 21.

The two sides declined to reveal the proposed fees, which would be two-and-a-half times current charges, said Gilbert Chow, deputy chairman of a board of the International Air Transport Association and a spokesman for Northwest Airlines Corp.

The fees would make Hong Kong almost as expensive as Osaka's Kansai airport and Tokyo's Narita — the two most expensive in the world now, Mr. Chow said.

For a Boeing 747 plane carrying about 400 passengers, Northwest now pays \$3,200 in landing charges and 344 Hong Kong dollars (\$44.43) an hour to park its planes at Kai Tak. Mr. Chow said. He said most planes park about four hours and the first two are free.

JEANS: Classics Battle Upstart Designer Labels

Continued from Page 15

sociates, recently announced it would lay off about 1,000 people to save \$80 million, largely because sales are growing more slowly than costs.

VF, maker of the Lee, Wrangler and other brands and the No. 1 American jeans company by sales, is consolidating its purchasing and decreasing the number of employees in some divisions. Guess has turned its focus toward its other apparel and its international business.

All three are fighting to hold onto their customers. Josephine Esquivel, an apparel analyst at Morgan Stanley & Co., calculates that VF's

share of the jeans market fell to 27 percent last year from 30 percent in 1995. Guess' portion declined slightly to about 10 percent, and Levi's stabilized or may have declined at 20 percent after years of increasing its slice of the jeans pie.

It is a big pie: Sales of jeans in the United States grew 8 percent last year to \$10.6 billion, according to NPD Group, a market-research firm. Yet with sales falling short of expectations, the big jeans companies ended up with too much denim and cut back on orders to the mills by as much as 20 percent.

The major jeans companies say they are doing fine. "We have sold more Levi's brand than ever last year in the U.S. market," a Levi Strauss spokesman said. "That said, competition is more intense than it has ever been."

Teenagers are leading the drift away. Asked in a survey last fall by Teenage Research Unlimited, a market-research firm, which brands of jeans they owned, 56 percent cited Levi's, down one percentage point from the results of a similar poll two years earlier. Another 44 percent named VF's main two brands, down 5 percentage points, while 21 percent mentioned Guess, down from 30 percent.

While those figures might look respectable, they were pretty drab compared with the gains recorded by the com-

petition. The proportion of teenagers owning Calvin Klein jeans more than doubled, to 18 percent from 8 percent; those citing Arizona, Penney's private label, shot up to 27 percent from 19 percent, while 4 percent said they had a pair of Sears' new Canyon River Blues hanging in their closets. Results comparing 1996 and 1995 showed a similar trend.

The designer-jeans craze is a reprise of a 1980s phenomenon, but with a whole host of new entrants — notably Ralph Lauren, Tommy Hilfinger, and Donna Karan — that have tremendous marketing and money behind them.

This time, beyond the extra competitors, the designer houses are pricing their products more competitively. Ms. Esquivel, the apparel analyst, said that Designer Holdings, which makes Calvin Klein jeans, told her: "We can market this much more aggressively if we bring the price points down."

They cut prices by about \$5 a pair. As important, they have launched costly advertising campaigns aimed at connecting their distinctive brand images to their jeans.

In a separate challenge, private-label brands for big retailers have been grabbing a tiny but growing chunk of the market. The trend started in 1991, when Gap Inc. started to sell its own line to the exclusion of other brands.

Ssangyong Welcomes More Foreign Capital

Bloomberg News
SEOUL — Ssangyong Motor Co. said Friday it would allow foreign investors to buy up to 49 percent of the company after it announced that its losses had widened.

The Ssangyong Group is the first of South Korea's top 10 conglomerates, or chaebol, to invite foreigners to own nearly half of one of its companies. The company's previous ceiling on foreign ownership was 10 percent.

"To reduce outside borrowing, we have no choice but to raise funds without interest," Ssangyong's president, Lee Chong Gyu, said. "We will promote to attract more foreign capital investors in that sense."

Ssangyong said last month it would seek a new foreign partner, reflecting troubled relations with Mercedes Benz AG, which owns 3 percent of Ssangyong Motors.

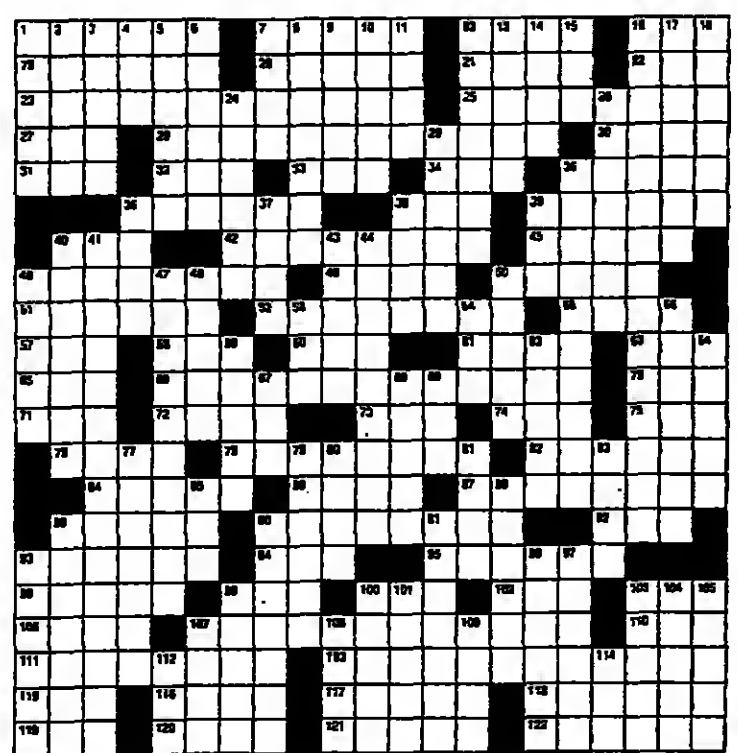
Ssangyong Motors has more than 2 trillion won (\$2.28 billion) of debt because of slow sales and huge plant investments.

The company had a loss of 228.4 billion won last year after a 1995 loss of 126 billion won. But sales rose 39 percent to 1.37 trillion won. "Our business performance in 1996 suffered from increased financial costs resulting from huge capital investments implemented in the past," a spokesman said.

LOGICAL CAREER CHANGES, By David J. Kahn

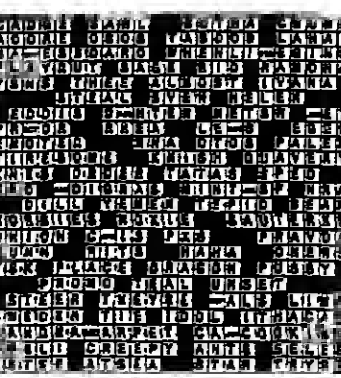
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- 1 Cruelty
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 - 19 1979 Vanessa Redgrave title role
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 - 23 PLASTIC SURGEON
 - 25 Triyathic cadences
 - 27 Landon from Kansas
 - 28 GARDENER
 - 30 Play to (deadlock)
 - 31 Hamlin's "L.A. Law" co-star
 - 32 A pop
 - 33 "Yikes!"

- 34 Fraternity letters
- 35 Lively ones
- 36 Storm type
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- 117 Copier, for short
- 118 Anna Pavlova, e.g.
- 119 37-Down, in Oberhausen
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- 4 Sheraton's parent
- 5 Boutique
- 6 "The —" resident in the sun? Bryant
- 7 Take home
- 8 Bomb aftermaths
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- 10 Drenched
- 11 Rip, but not Van Winkle
- 12 Harbor sight
- 13 Cotton hose
- 14 Bavarian river
- 15 Sparkle
- 16 Fishing boat
- 17 1483 Columbus landing site
- 18 Most subject
- 24 Ribald
- 26 More primitive
- 29 Kind of computer
- 30 TOY DESIGNER
- 36 With 96-Down, movie pioneer
- 37 N.E.C.
- 39 Doty
- 39 Pasty
- 40 City near Hartford
- 41 BAIL BONDSMAN
- 43 Exposer
- 44 JUDGE
- 46 Judy Blume best seller
- 47 CHIROPRACTIC
- 48 Words with were or know
- 50 Joins
- 53 Amazon, e.g.
- 54 It fits in a lock
- 56 Florida game fish
- 59 Stepping places
- 62 Finis
- 64 Pipelines
- 67 Bro. or sist.
- 68 King, Pope or Emperor
- 69 Fleischer's Olive
- 77 March ender, maybe
- 79 Burning
- 80 Shortage
- 81 Cosset
- 82 competitor
- 83 Brings into play
- 85 Part of a bary
- 86 "Twelfth Night" countess
- 88 Overhangs
- 89 Become emotional
- 91 Arm-twisted
- 93 Family room feature
- 96 See 36-Down
- 97 Leftovers?
- 99 Word of mouth
- 100 — nerve
- 101 Wynonna's mother
- 103 1993 Aerosmith hit
- 104 Seating request
- 105 Wrote down
- 107 Slipper without a back
- 108 West Point initials
- 109 Ring results
- 112 Right to influence
- 114 Cambodia's —

Solution to Puzzle of March 8-9



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MONDAY: Business Education in France.

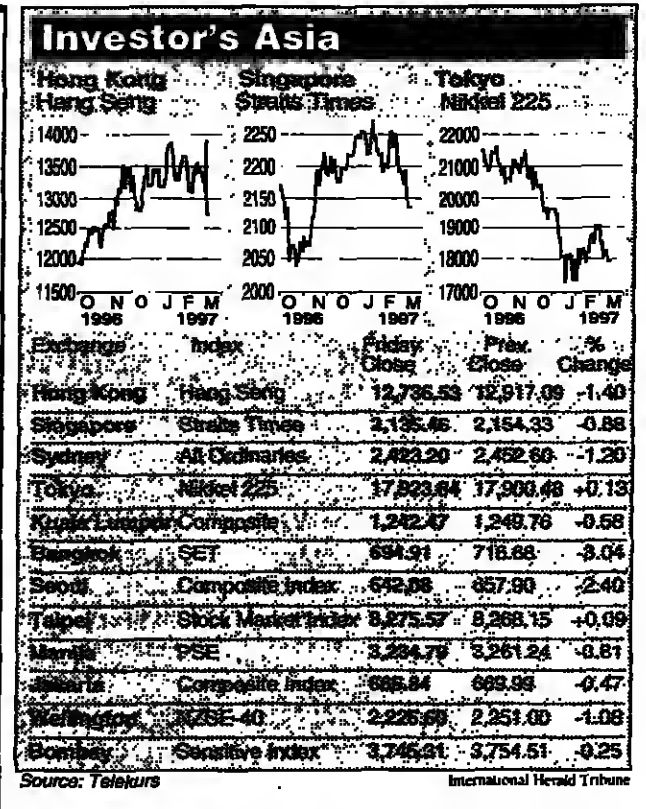
TUESDAY: Business Education in the United States.

WEDNESDAY: International Education in Germany and Austria.

THURSDAY: International Education in Switzerland.

FRIDAY: International Education in Benelux.

Read the World's Only Newspaper



Very briefly:

- South Korea scrapped restrictions on overseas financing by local banks and corporations in a move that analysts say will help ease a foreign currency shortage and shore up the won. Restrictions on the issuance in foreign markets of bonds that can be converted into stocks were also scrapped.
- Swire Pacific Ltd., the British-controlled Hong Kong conglomerate, said asset sales helped its 1996 profit rise 16 percent, to 7.65 billion Hong Kong dollars (\$987.9 million), despite a 28 percent drop in revenue, to 38.3 billion dollars. Swire now says it wants to expand its property holdings, and forecasts a "significant" increase in profit from that sector this year.
- Vietnam fined Philip Morris Cos. and confiscated hundreds of posters and promotional items after the company violated an advertising ban, the Saigon Times Daily reported.
- Shanghai Posts and Telecommunications Administrative Bureau, a state-owned company, and Nippon Telegraph & Telephone Corp. have set up a mobile telephone joint venture in Shanghai.
- Japan said household spending fell 0.3 percent in January from January 1996 as consumers continued to pocket more of their income.

NTT Rises on Approval of Breakup

Bloomberg News
TOKYO — Shares in Nippon Telegraph & Telephone Corp. rose nearly 4 percent Friday after the cabinet approved a draft bill to break up Japan's largest telecommunications provider.

The gain in NTT shares was also fueled by the announcement on Thursday of a link with British Telecommunications PLC to compete in Singapore's telecommunications market. The proposal to break up NTT into two regional companies and one long-distance telephone provider, under a holding company, must now be approved by Parliament. NTT shares rose 26,000 yen (\$212.94), to 842,000.

Building Better Language Skills

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Biotech Comes of Age



British Companies Moving From Lab to Marketplace

By Judith Rehak

INVESTORS INTERESTED in biotechnology stocks are likely to be watching Britain in the coming months, as several companies bring their first products to the market there.

"It's a big milestone because the first revenues and royalties will be coming along," said Nick Woolf, who follows the sector for Nomura Securities in London.

He noted that three of the four largest biotechnology companies to Britain—British Biotech PLC, Cellect Group PLC and Cortecs International—are expected to file for their first product licenses in the next two months.

"These companies will be major providers of major drugs, and they are an integral part of the research and development landscape," said Ian Smith, a biotech analyst at Lehman Brothers. "That means investors and analysts can't ignore them."

That is a dramatic change from just a few years ago, when fledgling British biotechnology companies seeking cash to fund research and development had little choice but to head for the United States. They went knocking on the doors of venture capitalists or listed their shares on the NASDAQ system, the most popular home for biotech stocks. This gave them access to a large contingent of analysts who, based on their experience in the growing U.S. industry, understood their work.

Today, however, these companies can find a warmer welcome at home, where British venture-capital boutiques and financial groups are ready to help underwrite their projects. The Nomura U.K. Biotech Index now counts 21 London-listed companies, compared with only 11 two years ago.

The index's growth has come from companies going public in Britain, although some, including British Biotech, which with a market capitalization of more than £1.7 billion (\$2.7 billion) is the largest, and Cortecs are also listed on NASDAQ.

A half dozen firms floated shares for the first time in 1996, one has done so this year, another is in the process of doing so and more are to come if the current window of opportunity remains open, said Mr. Woolf.

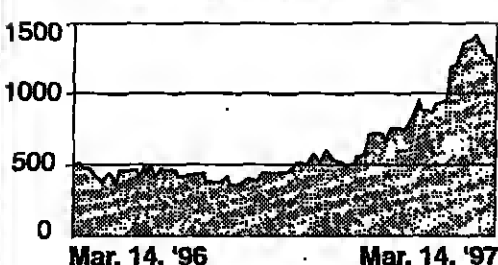
Even with EASDAQ, the new European exchange for smaller companies modeled on NASDAQ, up and running, London is still the preferred listing for British biotech companies, he added.

UNTIL THE STUNNING news last month that researchers in Britain had created a sheep clone called Dolly, British Biotech was arguably the center of attention in the country's biotechnology industry, as well as an example of the profits and pitfalls of investing in this high-risk sector. Its share price reached a high of 380 pence in May on promising results of human trials of Marimastat, its drug that fights cancer of the pancreas and ovaries. Its shares have since tumbled to a low of 192 pence, before recovering to about 260 pence as the critical final trials begin. Interest remains intense, but analysts

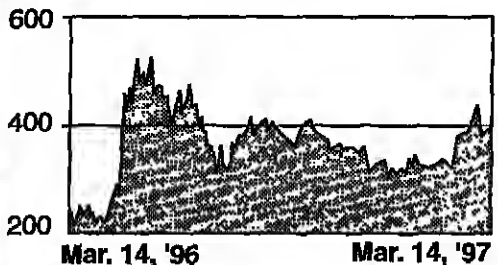
Testing the Market

Share prices in pence to March 14, 1997

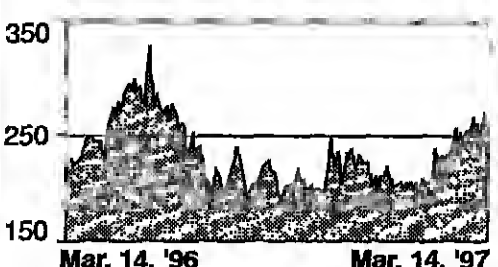
Biocompatibles International



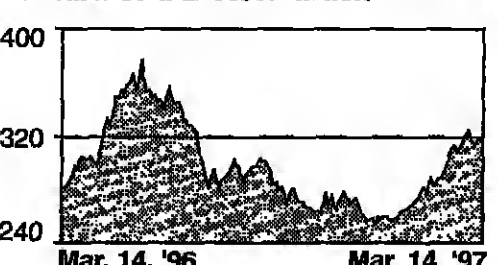
Chiroscience Group



British Biotech



Nomura U.K. Biotech index



Source: Bloomberg International Herald Tribune

are giving the company, the flagship of British biotechnology, mixed reviews. Some are recommending the shares, projecting annual sales as high as \$4 billion for Marimastat, once it reaches the market.

But Mr. Woolf is less enthusiastic. He is projecting only \$1 billion in sales, because he thinks the drug may not be approved for all types of tumors.

"The jury on Marimastat is still out to some extent," he said. "British Biotech is very over-researched and over-valued, in my mind."

But analysts can now choose from a larger group of companies with products in final stages. Mr. Smith of Lehman Brothers has a buy recommendation out on Biocompatibles International PLC, a company that makes coatings for stents, the implants used to keep

Ron James, left, and Ian Wilmut, researchers who helped clone the ewe Dolly in Edinburgh.

blood vessels and arteries open. The coating "fools" the body into accepting what it would normally reject as a foreign object, he said.

The stents are expected to be on the market this year in Europe and in the United States, where they are to be sold by Johnson & Johnson Co. The American pharmaceutical giant also has an option to use the coating on its own stents, an opportunity that Mr. Smith thinks they are likely to take.

Shares in Biocompatibles have more than doubled, to £13, in the last few months, and Mr. Smith believes that they could rise to £20 over the next 12 months.

CHIROSCIENCE GROUP PLC is another company attracting attention in Britain. Its local anesthetic relieves pain without the side effects of similar products, which can be dangerous for the heart. After positive results of human trials, the product is now in the final testing process and close to entering the market, according to Mr. Woolf of Nomura.

He also likes the company's other drugs, such as a promising anti-cancer treatment, and its move into other research areas with the purchase of Darwin, a California company that specializes in human genome research. His 12-month target price for Chiroscience shares, which are currently trading at about 400 pence, is 550 pence.

But even when the prospects look enticing, investing in biotechnology companies is not for the faint-hearted. Not only are they notoriously volatile, but most of the companies do not have any products on the market, leaving investors to buy on the bet that final tests will be successful.

"If you waited until the product was on the market, you'd only have 15 companies to buy out of 300," said Anthony Milford, portfolio manager of the Framlington Health Fund, which has about a quarter of its assets invested in biotechnology companies.

Biotech stocks also tend to move as a group, regardless of their individual characteristics. The British sector overheated with British Biotech's announcement of Marimastat, then fell, in part because U.S. biotechnology stocks were underperforming.

Although the stocks are rebounding, Mr. Milford remains cautious.

"People tend to buy them when they're hot, which is the worst time," he said. "I like to buy them when they're cold," he added, "and they're warming up right now."

An exception is Scotia Holdings PLC, whose shares lost about a quarter of their value to a single day last week after the company warned that a nerve drug it is developing for diabetes was unlikely to gain government approval.

Still, after years of living in the shadow of the huge U.S. biotech industry, which has about 250 listed companies, Britain's industry is excited—and feeling a bit of chauvinism—over its recent developments.

"There's a great tradition of discovery in the U.K., and it should be no surprise that our biotech companies can discover drugs and bring them to market in the same way that U.K. pharmaceutical companies have," said Mr. Smith of Lehman Brothers.

"After all," he added, "we're the country that gave the world molecular biology, monoclonal antibodies and Dolly the sheep."

Making Bets on Science

Biotech Investing Takes a Leap of Faith

By Digby Lerner

WHEN DOLLY the cloned sheep made headlines around the world recently, she did more than fuel widespread concern about the possible misuse of genetic technology. Within two days, she also tripled the share-price of PPL Therapeutics PLC, the biotechnology company in Edinburgh that owns the research.

Investors betting on high future earnings at PPL drove shares from 120 pence (\$1.90) to 455 pence.

After the announcement last month of Dolly's cloning, several other companies involved in cloning research also saw their share prices grow, even though they have no access to PPL's results. Such price hikes are what a biotechnology investor's dreams are made of and they have helped turn it into a sector capitalized at over \$100 billion in the United States.

The possible downside of biotechnology stock is just as strong, however. Investment folklore is littered with research businesses that had billion-dollar potential on paper but were worth only a few cents on delivery—sometimes literally.

In 1994, shares in Genista Inc. fell by more than 80 percent when the initially good results from a heart drug it marketed were reversed. Similar problems hit Telios Pharmaceutical Inc.—with Telios filing for bankruptcy—following the disappointing performance of a drug intended to cure foot ulcers.

In a sector as volatile as biotechnology, careful stock-picking is clearly the order of the day. Analysts say the trouble is that few of the standard measures used to assess share-price potential can be applied.

"I've spent 27 years looking at health-care stocks, plus a good few years in biotechnology, and I find it's almost a guessing game," said David Talbot, an analyst with the New York investment firm Health Reform Partners Inc.

Biotechnology companies are often young and relatively small and have no trading or earnings histories. With little or no track record to look at, investors mostly take a bet on companies they hope will turn current research into market-leading technology. To weigh the odds in their favor, it helps investors to have a degree in microbiology and an understanding of patent law, Mr. Talbot said.

"We don't have time for that kind of detail here, so we have to hedge it with companies we feel comfortable with," he said.

These are mostly businesses with drugs at an advanced level of clinical research, backed by a management team that has a strong commercial sense.

"It's one thing developing these drugs; it's something else getting them onto the market," he said.

An example of his ideal stock is Neoprobe Corp. of Dublin, Ohio. For much of the last year, it has traded in a range from \$12 to \$20. Neoprobe's pioneering research is a treatment that allows surgeons to identify cancerous tissue.

"It helps them know exactly what to cut out and what to leave," Mr. Talbot said. "In the future, I believe it will be indispensable on the clinical side. In six months, it should be approved for use in Europe. By the beginning of 1998, it may also have FDA approval."

Neoprobe's technology, which is protected by a worldwide patent, is followed by only a few brokers and analysts.

The comfort factor is also important for Edmund Debler, a biotech analyst with Mehta Isaly, a specialist health-care broker in New York.

"After five years, I've learned you have to invest in people," he said. "You really have to satisfy yourself that the managers are good, that the science is strong and that they have the ability to get whatever they are developing into commercial production."

Beyond this, he said, biotechnology still demands a leap of faith. Even though a growing number of companies now have a short trading history, the sector remains dominated by small, young businesses.

As with all volatile sectors, however, the risks can be hedged. The rapid growth of biotechnology means that investors can hold a range of stocks, in companies of various sizes in a number of countries.

Jane Fiske, a biotech analyst with Kleinwort Benson Group PLC in London, said her main areas of concern included the quality of a company's product, its management ability and financial strength.

"I look at the potential sales of drugs and treatments they have in development, what the royalty rate will be, that kind of thing," she said. "Their financial backing is important, too, so it helps if they have a partnership agreement with one of the big pharmaceutical outfits like SmithKline."

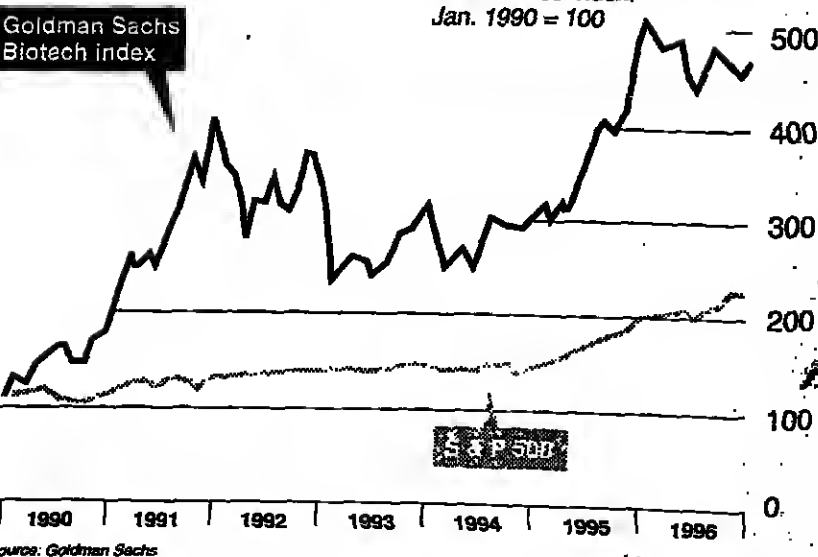
Apart from discussions with industry specialists, she looks at whatever statistics biotechnology companies have available, including cash flow and any product history.

While the biotechnology sector is still expanding in many countries, there are little or no investment opportunities in emerging markets.

Continued on Page 21

Outperforming the Market

U.S. biotechnology sector stocks vs. the S&P 500 index, Jan. 1990 = 100



Source: Goldman Sachs International Herald Tribune

Be Covered the World Over

Insurers Offer Plans for Expatriates and Travelers

By Aline Sullivan

EXPATRIATES AND frequent travelers in search of medical insurance used to have a tough time. Standard policies had to be supplemented by expensive travel insurance for even the briefest of trips, and individual policies for those who spent much of their time abroad were almost unheard of.

Now a number of insurers are able to provide specialist coverage at reasonably attractive terms. Better still, they can or soon will insure individuals. That is good news for students, the retired, the self-employed and anyone who does not want to count on an employer to provide an insurance plan.

Europ Assistance, which is based in Paris and is the highest of the bunch, is to introduce a worldwide health-care plan in a few months aimed at individuals. The plan, which will be similar to the corporate policy started at the beginning of this year, will provide repatriation, medical coverage of up to \$5 million a year and some of the company's other assistance products at an average annual cost of about \$3,700 for an individual, a Europ Assistance spokeswoman said.

Depending on the plan, benefits can include out-patient costs, transport to a suitable

hospital in the country of choice, at-home nursing, ambulance services and the care of unaccompanied children.

Europ Assistance is 56 percent owned by the giant Italian insurer Generali, which underwrites most of its policies; Fiat, the Italian automaker, owns 40 percent. The company operates in more than 200 countries and is known by different names outside of Europe: In Tokyo, it is Overseas Travel Assistance; in Rio de Janeiro it is Worldwide Assistance and in Washington it is Worldwide Assistance Services. The 13 European companies are called Europ Assistance or a similar name.

Britain, which has a long history of expatriation, is also a good place to seek coverage. An increasing number of international policies are being purchased by individuals from the country's two major private insurers: British United Provident Association and Private Patients Plan.

British United offers a range of products designed for the expatriate or frequent traveler. On average, the group will insure a 40-year-old man for up to £750,000 (\$1.19 million) a year in medical costs for an annual charge of about £600, as long as he does not settle in the United States or Canada. In one of these countries, the charge jumps to £2,000 a

Continued on Page 21

A Genetic Link to Health Insurance?

By Barbara Wall

GENETICISTS SAY that we are all, to some extent, the victims of our heredity: We each carry at least three defective genes and two-thirds of us will die for reasons connected with our genetic makeup.

At the same time, rapid advances in genetic science have resulted in the expansion of the number and range of genetic tests. As well as being of interest to potential carriers of mutant genes, these tests are attracting a great deal of attention from the life-insurance and private health-insurance industries.

"Insurers are primarily concerned that genetic testing will lead to a change in buying habits for insurance products," said Steve Jones, a genetics specialist at University College in London. "Studies have shown that people with poor genetic profiles would be more likely to take out insurance, while those at low risk would be less inclined to buy cover."

A growing number of insurers are trying to protect themselves by asking to see the results of genetic tests, but this has led to accusations of discrimination. A study conducted by Georgetown University and the U.S. Alliance of Genetic

Support Groups surveyed the perceptions of 332 members of genetic support groups who had one or more of 101 different genetic disorders in their families. In the study, 25 percent of the respondents or affected family members said that they believed they had been refused life insurance as a result of a genetic disorder and 22 percent believed that they had been refused health insurance. Fear of genetic discrimination led 9 percent of the respondents or their family members to refuse to be tested for genetic conditions and 18 percent said they had refused to reveal genetic information to insurers.

A spokeswoman for the support groups said that this fear of testing prevented people from making important lifestyle changes that could reduce the risks and seriousness of certain genetic conditions.

At the moment, people can be tested for a limited number of single-gene, inherited diseases, such as Huntington's chorea, cystic fibrosis, early-onset Alzheimer's disease and some forms of breast cancer.

With most of these tests, a positive result means that the carrier has a high chance of developing the disease. Carriers of the BRCA 1 gene mutation, for example, are thought to have a 62 percent cumulative risk of developing

breast cancer and an 11 percent risk of developing ovarian cancer before the age of 60.

Carriers of the Huntington's chorea gene, widely considered to be the most dreaded of single-gene abnormalities, will almost certainly develop the illness.

"The advent of single-gene testing has not had much of an impact on the insurance industry because the current generation of tests are for rare disorders," said a London insurance underwriter. "Huntington's chorea affects about 1 in every 10,000 people and familial breast cancer accounts for just 5 percent of all breast cancers. Moreover, insurers do not really need to see test results at present, as they can easily identify potential problems by looking at a proposer's family medical history."

Nevertheless, if genetic testing becomes commonplace in the future, as we expect it will, insurers will undoubtedly want access to this information," he added. "Of particular concern is the new generation of predictive tests for cancer, heart disease and other common ailments. These genetic tests are not clear-cut because environmental factors have to be taken into consideration when assessing risk."

Continued on Page 21

THE MONEY REPORT

The Dow: Making a Hot Index Hotter

ON MONDAY, FOUR of the 30 stocks that make up the Dow Jones Industrial Average will be changed. Dow Jones & Co., which owns the 103-year-old index, figured it needed to do some updating — the first since 1991 and the most extensive since 1959.

The three smallest stocks in the Dow (in terms of capitalization) — Bethlehem Steel Corp., Woolworth Corp. and Westinghouse Electric Corp. — were dropped, as was Texaco Inc., the smallest of the Dow's three oil companies.

In their place, the Dow added three more glamorous stocks: Johnson & Johnson, the index's second drug company; Wal-Mart Stores Inc., the world's largest retailer (and, with the exit of Woolworth, the only one in the Dow); Traveler's Corp., the second financial stock in an average that used to live up to its "industrial" moniker, and Hewlett-Packard Co.

The Dow is a buy-and-hold portfolio. Even after the alterations, half the stocks will have been in the average for 40 years or more.

The changes are important to small investors. First, although the Dow comprises just 30 stocks, it is generally considered the "market" by the popular press and the public. So, when the Dow shoots up, investors get enthusiastic — no matter what happens with the other averages.

Second, the Dow has lately been the hottest index around, and the addition of four stocks that have vastly outperformed the ones they are replacing will make it even hotter — and, perhaps, more vulnerable to a big fall.

Last year, the Dow returned 27.4 percent (including reinvested dividends), compared with 22.0 percent for the Standard & Poor's 500 Stock Index, a measure of 500 large-cap

stocks, and 18.1 percent for the Wilshire 5000 Index, which tracks all tradable U.S. companies.

But the Dow is not easy to buy. That is partly because Dow Jones, unlike Standard & Poor's Corp., has refused to license the use of the name and the index itself. You can buy S&P futures and options and even purchase all 500 stocks as though they were a single one. And, of course, the most popular mutual funds these days are index funds that simply own all the stocks in the S&P according to their weighting (or allocation in percentage terms). Vanguard Index 500, the largest of these, has beaten the average managed

mutual fund in 11 of the past 12 years, according to Morningstar Inc., the Chicago research firm.

There is, however, one tiny mutual fund (just \$15 million in assets vs. about \$40 billion for Vanguard Index 500) that invests only in the 30 Dow stocks. It is called the ASM Fund, the letters standing for America's Stock Market, said Steven Adler, its founder. The fund has its problems. It does not charge a load, or up-front fee, but its annual expense ratio has been astronomical in recent years (3 percent in 1995), in part because the fund is so small.

Mr. Adler, who launched the fund in 1991, is a booster of the Dow. He loves the stocks, even takes a proprietary pride in their performance. "Why are we knocking the socks off everyone else?" he said. "The earnings are solid, and they've earned their way onto the list. These big companies are international now. They're really making money."

But there is a dirty little secret about the Dow: Unlike the S&P, it is price-weighted. If the Dow were a real portfolio, it would have equal shares of

each of the 30 stocks, rather than owning equal dollar amounts or owning them in proportion to their value.

ASM, which mimics the Dow, last year owned 4,755 shares of every company, according to the Value Line Mutual Fund Survey. This means that a high-priced stock moves the Dow more than a low-priced stock. A company with 1 million shares of stock priced at \$50 each has a market value of \$50 million while a company with 100,000 shares of stock priced at \$200 is worth just \$20 million. But the smaller company would have more weight in the Dow.

Coca-Cola Co. represents 2.7 percent of the total value of the Dow, while Allied Signal Inc. is 3.2 percent. But Coke's market capitalization is \$149 billion while Allied's is \$21 billion. Why? Because Allied's price is higher than Coke's.

An article in Grant's Asia Observer notes that another price-weighted index, the Nikkei 225, has been notoriously prone to manipulation. These "thimbletiggers," as the editor, Jeff Uscher, calls them, buy or sell baskets of high-priced, low-cap shares. "Ever since trading in Nikkei 225 index futures began, in 1986, index arbitrage and outright manipulation have come to dominate trading on the Tokyo Stock Exchange," he writes.

The same could happen if the Dow was licensed for futures and options trading. If Morgan rises 10 percent in price, it would move the Dow up 35 points; if Coke rises 10 percent, it would move it up 19 points. It is easier for manipulators to push up Morgan, since it is one-seventh the size of Coke.

A tradable Dow index, Mr. Uscher warns, "will turn 30 of America's biggest blue-chip companies into the world's biggest casino."

Washington Post Service

JAMES GLASSMAN ON INVESTING

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BRIEFCASE

Fund Study Finds Small Is Beautiful

A study by Strategic Insight, a fund consultancy in New York, found that small- to medium-sized American management companies have grown their assets much faster during the 1990s bull market than the industry's behemoths have done.

The assets of the 18 managers that had \$10 billion or more under management in December 1990 rose by 273 percent through January, slightly more than the growth in the American stock market. Smaller managers — those with assets in 1990 between \$500 million and \$3 billion — did much better, increasing their size by 399 percent.

An obituary for smaller funds had been written in October 1995 by researchers at Goldman, Sachs & Co. who said that "there are too many management companies relative to the flow of available new assets" and that large companies had the best hope of thriving in that environment.

The Strategic Insight study indicates that it is not working that way. "Manager size or parent-company resources do not consistently correlate with net inflows and asset growth," a summary says. "So far, the entrepreneurial and creative nature of the business has allowed many small companies to be very successful."

One creative marketing strategy is the so-called fund supermarket, such as the Mutual Fund Marketplace operated by Charles Schwab & Co., which allows account holders to buy funds from a number of managers over the phone and without sales charges. Some of the fastest-growing fund families on the Strategic Insight list of small managers participate in the Schwab program.

Small companies are benefiting from another trend in the business: outsourcing. Diana Mackay, managing director in Europe for Lipper Analytical Services, said a big U.S. fund manager will often look to another company to run a portion of its assets. Because of this, she said, management talent is not concentrated at a few companies. In Europe, by contrast, the attitude among portfolio managers is that you either work at a big bank or you work nowhere. "It has a lot to do with the old approach in the industry," she said, "the need for banks to offer all products and services." (HT)

Deutsche Morgan Grenfell's "favorite investments in Eastern Europe are Bulgarian Brady bonds," Paul Luke, head of DMG Emerging Markets Research, said in New York this month.

The reason is that the Bulgarian

Small and Prospering

Growth in assets of selected small- to medium-sized U.S. fund managers*			
	Dec. 31, '90	Jan. 31, '97	% chng.
Janus Capital	\$1.6 bl.	\$35.9 bl.	2027%
AIM Management	2.6	46.8	1645
Pimco Funds	2.7	25.3	834
Strong	1.4	12.8	807
INVECO	1.7	13.6	672
Grantham Mayo	2.4	15.1	516
Neuberger & Berman	2.2	13.2	498
MAS Pooled	2.2	12.5	467
Evergreen Keystone	1.9	9.8	406
DFA	1.6	7.1	347

*Assets of between \$0.5 bl. and \$3.0 bl. in 1990.

Source: Strategic Insight

Brady bonds "trade at exceptionally high yields, a yield which embeds a very high probability of default."

The return on the dollar-denominated bonds, issued as part of a debt-relief plan suggested by Nicholas Brady, the former U.S. Treasury secretary, is running near 18 percent for securities that mature in 2024. The securities have already had sizable price gains, which trimmed their yields from more than 24 percent during the autumn.

The key, said Mr. Luke, who was speaking at an Eastern Europe conference held by Deutsche Morgan Grenfell, was the expectation that after coming elections, pressure from the International Monetary Fund would induce the country to establish a currency board. The board would replace the central bank and work only for currency stability.

Todor Vulchev, who had been chairman of the Bulgarian central bank from 1991 until January, concurred with the idea that a currency board was likely.

"We need additional finance from official sources," he said. "Now we are in negotiation with the IMF for a standby agreement, which will include the establishment of a currency board. I'm absolutely sure this agreement will be signed, will be implemented in the second quarter of the year so we could hope to stabilize the economy, to service the debt till the end of the year, to speed up privatization."

Mr. Luke said: "We've gone back and looked at the similar situation in the Baltic States and also in places like Argentina, where they've gone to quite a draconian structure to the economy and basically accountable for the currency. We found that anyone who bought the assets ahead of the establishment of the currency board tends to make a lot of money."

Mr. Luke added that his firm was not bullish on the Bulgarian currency, the lev. But he did say that Deutsche Morgan Grenfell thought Bulgaria could stabilize its economy, which is expected to contract 6 percent this year while inflation is threatening to double prices every month.

For the next year or two, economic

stabilization — if it comes at all — will largely be a result of foreign assistance and privatizations. The weak economy is not likely to generate many exports in the near future, said Norbert Walter, chief economist of Deutsche Bank.

Mr. Walter, also speaking at the Eastern Europe conference, said, "I'm probably quite skeptical about Russia and therefore I'm not particularly optimistic about the fundamental developments in the countries east of Central Europe." (HT)

A Euro Pessimist's Plan: Buy Dollars, Sell Francs

With the outlook for the European economy so weak, the odds of a currency union taking place are about 50-50, said Henrik Lomholdt, Bank of America's chief economist in Spain. He said investors who do not think the union will begin by the January 1999 start date specified in the Maastricht treaty could make money by purchasing dollars and selling French francs short.

His theory is that if the currency union fails to come into being, France will abandon the strict fiscal and monetary policies that have brought it close to meeting the convergence criteria mandated by the Maastricht treaty but that have slowed its economy to a crawl and sent unemployment toward 13 percent.

Inside the European Monetary System, he said, the Deutsche mark likely would gain, although the Continental currencies would find themselves under pressure against the dollar. In the meantime, with overnight interbank interest rates at about 5.5 percent for the dollar and just 3.5 percent for the franc, the strategy looks profitable, unless the franc appreciates or the interest-rate differential is reversed. (HT)

Currency Funds

Because of transmission problems, the following information about retail contacts for managed and hedged international currency funds did not appear in The Money Report on March 1. It was provided by Lipper Analytical Services and drawn from that company's database of funds that have had good performance records in recent years.

*AHL CURRENCY FUND ED & F.M. Investment Products, Client Relations/Helen Schuster 41 46 16 18 14 phone: 41 55 415 3645 fax.

*CURRENCY CONCEPT 2000, Statens Currency Investment Managers, Gerald Staines 41 22 310 5454 phone: 41 22 310 5484 fax.

*FREDERICK CURRENCY FUND, Frederick Management Group Inc., Neil Redford 1 212 943 3300 phone: 1 212 943 6800 fax.

*GOLDMAN SACHS GLOBAL CURRENCY FUND — USD, Goldman Sachs Asset Management International, Amanda Goldstein 44 171 774 8713 phone: 44 171 774 8195 fax.

*IF MANAGED CURRENCY FUND, Fleming International Fund Marketing Ltd., David Arnold/Margaret Montgomery 44 171 638 5558 phone: 44 171 526 9258 fax.

*NORTH STAR INTERNATIONAL CURRENCY — YEN, North Star Support Office Peter Connolly 45 13 12 11 22 phone: 45 13 12 07 17 fax.

Insurance Plans for the Well-Traveled

Continued from Page 20

year. Emergency evacuation and repatriation costs an additional \$69 a year. A comparable policy from Private Patients Plan will cost the same man \$83 outside of the United States and Canada and \$1,942 if he is headed to one of those countries.

The high cost of medical care in North America not only means high premiums for policyholders, it can also make coverage hard to obtain. U.S. and Canadian citizens may find it difficult to secure coverage from European insurers in particular if they are returning to their countries. But if they have been abroad a long time, they will find it equally difficult to secure new coverage from a U.S. or Canadian insurer. Their best bet is have a policy that can be transferred.

Expatriate self-help alliances are another option for those heading abroad independently. Among the best known is the Federated League of Americans around the Globe, which is based in Washington. Membership costs \$25 a year and allows expatriates access to the

group's health-insurance plan. The plan, underwritten by the British insurer Norwich Union, provides up to \$750,000 of coverage for medical and hospital expenses. The policy costs about \$800 annually for expatriates based in Europe and in most developed nations, except the United States and Canada.

A similar plan is available from the Association of American Residents Overseas, which is based in Paris. This group provides its 800 members with access to a group medical policy underwritten by Societe Suisse and run by the European Benefits Administrators.

Membership costs \$64 for an individual and \$80 for a couple and is open to Americans living anywhere in Europe. Those enrolled in the French social security system pay less.

Expatriates and travelers looking for just the basics should contact International S.O.S. Assistance, the largest operator in North America. The cost ranges from \$55 for a two-week trip to \$380 for an annual expatriates plan. This entitles the member to 24-hour medical, personal and travel assistance,

including emergency evacuation. S.O.S. has headquarters in Geneva, Philadelphia and Singapore, offices on six continents and 17 branches operating 24 hours a day.

Its services are useful, and sometimes essential, for frequent travelers to or expatriates based in Third World countries or anywhere with substandard medical facilities. But what S.O.S. and many other evacuation and repatriation services do not do is foot the medical bills once they have helped the client arrive. That is fine for expatriates established in countries with national health services, but disastrous for others.

For further information:

*Europ Assistance: 41 445 44 22 01; fax: 41 181 660 8992 or 41 1 225 41 56 17.
*International S.O.S. Assistance: outside the United States, 1 212 541 1800; in the United States, 1 800 321 8900.
*Federated League of Americans around the Globe: 1 202 626 2546; fax: 1 202 625 5487.
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Will Genetics Raise Your Premiums?

Continued from Page 20

A spokesman for the British Diabetes Association said that scientists were close to perfecting a test that will show a genetic predisposition toward diabetes in certain children. He said that such a test would be invaluable, given that a change in diet early in life can prevent the onset of diabetes in adulthood.

"But he suspects that people may be put off testing their children for the gene if the test results have to be revealed to an insurance company."

The attitude of insurers toward genetic testing will differ according to the type of insurance. If you apply for private medical insurance, it is unlikely that you will be asked to reveal your family medical history or details of any genetic tests that have been performed. This is because medical insurance coverage is usually only available for a limited period and it generally excludes chronic conditions, such as diabetes, Huntington's chorea and other such illnesses that have a genetic link.

A handful of international private insurers, including Expacare and Private Patients Plan, will cover chronic conditions in their plans without information from applicants about their family medical history or genetic tests.

But life insurance is a different matter. Many insurers will want to see genetic test results, although they may not always take these results into consideration in the underwriting process. For example, the Association of British Insurers recommends that genetic test results not be used for coverage below £100,000 (\$159,000).

JACK MACNAMARA of Lincoln National Assurance in London said that if the predictive value of the test was questionable, underwriters would probably disregard it.

"Even if the test is reliable and shows a high predisposition towards a genetic condition, insurers may still offer cover at normal or near-normal rates," he said.

"A woman applicant, age 30, who came to us with the BRCA gene mutation would be offered cover at similar rates to a male applicant of the same age," he added. He said

this was because the prevalence of the mutant gene was much greater than the incidence of the illness.

It is unlikely that genetically challenged people would encounter the same attitude if they were applying for private health insurance or critical illness coverage, which provides for loss of income should policyholders become ill.

Lincoln National, along with most other insurers interviewed, declined to provide their terms for a critical-illness applicant if cancer was a covered condition.

Only a handful of insurers, including Private Patients Plan and BUPA, said that they would not be interested in ge-

netic test results for underwriting private health insurance, critical-illness and long-term disability coverage.

Mr. Jones suggested that people should only take a genetic test if they thought that they were strongly at risk and if they could actually do something to limit that risk. He advised people to be especially cautious of commercial tests.

"Even simple tests can be misleading, as the genetic condition may have many different variants," he said. "You can be tested negative for one variant, but still contract the condition due to the presence of another undetected variant."

The Guessing Game Of Biotech Investing

Continued from Page 20

Mr. Dehler, the Mehta Isaly biotech analyst, said that although there was some biotechnology activity in Japan, for example, it was not accessible to investors.

"The reason is that Japanese investors are really not comfortable with businesses that lose money over long periods," he said. "Any technology investment has to be short term to be attractive."

He added that although some businesses in Japan were involved in biotechnology research, it did not form part of their core activity.

In Britain, although the market is growing quickly, there are still less than 40 biotech companies to choose from. Until recently, Ms. Fiskien said, the British sector's fortunes were mostly dictated by the performance of British Biotech PLC.

In May, following a period of strong growth for British biotechnology stocks, the market peaked after British Biotech published some disappointing results. It has rallied since the beginning of the

year, but remains below last year's high.

"The good news is that the market is maturing," Ms. Fiskien said. "Stock prices are becoming more independent of British Biotech and more influenced by individual factors."

She also said that financing was stronger in Britain than when prices fell last year.

"The danger period is when companies start running out of money," she said.

But her broad view of biotech investment is that no matter how hard you study available figures, it finally comes down to a bet on each company's trial results. She knows that among her current British favorites for 1997, Biocompatibles International PLC, British Biotech and Celltech Group PLC — all of which she expects to double in value by the end of the year — some or all could fail to perform.

"My calculations are made on the basis that everything will come out right," she said. "It would be great if that happens, but really you have to expect some to fail."

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WORLD ROUNDUP



The America's Cup, with a severely damaged midsection, on display Friday in Auckland.

Protester Bludgeons The America's Cup

YACHTING A Maori protester with a sledgehammer badly damaged yachting's America's Cup, thought to be the world's oldest sporting trophy, in an apparent political attack Friday, officials said.

Witnesses at the Royal New Zealand Yacht Squadron's headquarters in Auckland said a man wearing a suit and a shirt bearing Maori sovereignty slogans walked into the building and produced a short-handled sledgehammer. He then smashed the glass case containing the cup, took it out and bludgeoned the trophy, known as the "Auld Mug," which Team New Zealand won in 1995 in one of the country's greatest sporting moments.

The police said a 27-year-old student had been charged with criminal damage and would appear in the Auckland District Court on Saturday. His name was not released.

The accused man's lawyer, Lorraine Smith, said her client had told her "the cup stands for everything he despises."

The squadron's commodore, John Heise, said the man chanted Maori slogans as he hit the cup. "The man was in a frenzy," Heise said. "He demolished the case. He got the cup half out of the case and then proceeded to damage the cup with the sledgehammer."

The Cup, made in 1843, had been insured for \$2 million by the previous holders, the San Diego Yacht Club. It was insured for \$500,000 New Zealand dollars (\$349,000) by the Royal New Zealand Yacht Squadron. (AP)

Johnson Is Top Athlete

ATHLETICS Michael Johnson, the first man to win Olympic gold medals in both the 200 meters and 400 meters the same year, won the Sullivan Award on Friday as the top U.S. amateur athlete for 1996.

Johnson, a three-time finalist for the award, became the 37th track and field athlete to win the accolade. His 200-meter time of 19.32 seconds smashed his own world record, and his 400-meter time of 43.49 was an Olympic mark.

"1996 was indeed a career year for me in winning two Olympic gold medals," Johnson said. "Winning this award is a great acknowledgment of these achievements." (AP)

Quick, Painful Exit for Maryland Princeton's Dream Shattered by Loss to California

New York Times Service

The College of Charleston put a whipping on the higher seeded, better respected and, by night's end, painfully frustrated University of Maryland, 75-66, in a Southeast Regional opening-round game in Memphis.

Charleston (29-2), of the Trans America Athletic Conference, seeded only No. 12 in the region, outshot the fifth-seeded Terps (21-11), outrebounded them, and outlasted them to such a degree that a red-faced and quivering Maryland coach, Gary Williams, conceded this wasn't an upset.

The Terps were out of sync before the game even started Thursday when Williams refused to start forward Laron Profit and guard Terrell Stokes for being late to a team meeting. The two sat out the first six minutes, but Profit responded by scoring 16 points, including 4 of 7 from 3-point range. Stokes had 7 points.

From the opening tip, Charleston seniors Stacy Harris, Thaddeus Delaney, Rodney Connor and Anthony Johnson shared the basketball.

When Delaney wasn't slapping his seven shots in thrilling sequences from the bigger Terps, Harris and Johnson were slipping backdoor and draining 50 percent of their 3-point attempts.

It was a swarming press in the second half, however, that rattled Maryland into nine second-half turnovers. Harris, who had 22 points, forced Maryland's guards into traps that chewed up the shot clock.

"The dream season continues," said Charleston's coach, John Kresse, whose team now takes on Arizona. But the coach warned that he was checking curfew after the game.

Purdue 83, Rhode Island 76 Purdue (18-11), after being down by 9 at the half, charged back behind a couple of unlikely heroes and won in overtime. A freshman, Brian Cardinal, skipped back behind the 3-point line and tied the game with 16.7 seconds left in regulation. And Brad Miller, a season-long tenant of Coach Gene Keady's doghouse, scored 31 points, including 8 in overtime.

"As a kid, you always want to dream about a shot like that," said Cardinal, who had 16 points and 10 rebounds.

Arizona 65, South Alabama 67 Arizona's coach, Lute Olson, avoided a fourth first-round loss by turning the tables on defensively-minded South Alabama. For more than 32 minutes, the Jaguars befuddled the fourth-seeded Wildcats with withering defense and a deliberate half-court game. Forward Rico Aldersoo led a balanced scoring attack with 11 points, as the Jaguars dipped liberally into coach Bill Musselman's 77-play offense.

With 7 minutes 31 seconds remaining, the Jaguars led 53-43. But Arizona, the nation's fifth highest-scoring team, countered with a full-court, trapping press. The Wildcats went on a 17-0 run and forced seven turnovers on their way to the comeback victory.

WEST

Boston College 73, Valparaiso 66 Boston College survived a scare in its victory over tiny Valparaiso in an NCAA West Regional game. Valparaiso, seeded 12th in the region, led the fifth-seeded Eagles by 11-0, 20-9 and 37-30 in the first half. It led at halftime by 37-32. Boston College did not gain its first lead (56-55) until 7 minutes 53 seconds remained.

When it did, Bevan Thomas, a fifth-year senior who transferred after one year at Boston University, was in the mix. He hit consecutive baskets — one

NCAA Regionals

in the lane and another from five feet on the right baseline — that brought the Eagles to within a point of the lead and then, finally, into the lead. Thomas and Boston College made all the big plays from there.

St. Joseph's 75, Pacific 65 St. Joseph's rode the scoring of its guards — Rashid Bey (22 points) and Arthur Davis (19) — into the second round with a victory over peaky Pacific. St. Joseph's led by only 35-31 at halftime.

The Hawks (25-6) played a cleaner game than Pacific (24-6), committing 13 fewer turnovers than Pacific's 17.

Kentucky 82, Montana 54 Point guard Wayne Turner set up the Kentucky offense, made sure the Kentucky defense was in sync, and, when all else failed, kept driving toward the basket, creating opportunities for himself and for his teammates. There were plenty of chances for all of the Wildcats, as Kentucky (31-4) won easily in its quest for a second straight national title.

Turner scored 19 points (5 at the free throw line) and had 5 assists and 5 steals against Montana (21-11).

Iowa 73, Virginia 60 Iowa got 19 points from Guy Rucker and 17 from its team leader, Andre Woodridge, to beat Virginia. The Hawkeyes (22-9) over trailed and led by as many as 22 points in the second half before a late scoring spurt by Harold Deane of Virginia (18-13) cut the final margin.

The game matched the eighth- and ninth-seeded teams. But from the opening tip-off it was clear that, on this night at least, the No. 8 Hawkeyes were the superior team, especially on the boards.

EAST

Villanova 101, LIU 91 Villanova attacked the press at the start of the second half with a 17-1 run that Long Island University chose not to interrupt with a timeout. A television timeout was then the only pause as the surge grew to 22-2, and a 25-point Villanova lead. The Wildcats were on their way to victory in an NCAA East Regional.

LIU attempted a tournament-record 42 3-point shots and 95 shots over all. The Wildcats (24-9) had been lured into an LIU pace. For the Blackbirds

(21-9), the problem was that the Wildcats excelled at it. "It was fun out there," said Tim Thomas, who led Villanova with 28 points and 15 rebounds. "We got the ball across halfcourt and we had three-on-ones. We didn't know it was going to be like that."

Jason Lawson, the Villanova center, scored 21 points with 12 rebounds and 7 blocks. His most important role came as the outlet in the middle of the floor, a target for passes against the LIU press.

Lawson's ability to find moving teammates on the wings turned potential problems into advantage after advantage. He was credited with four assists, but his awareness was responsible for many more scores.

Charles Jones, the nation's leading scorer, had 37 points for LIU, making 14 of 37 shots. Richie Parker scored 21 points, and Mike Campbell had 17 points with 8 rebounds.

California 55, Princeton 52 Princeton's hope was to go farther in the tournament than any of its teams since the 1965 Tigers at the end of the Bill Bradley era. At the end of coach Bill Carmody's first season, Princeton's hopes were built upon a 19-game winning streak and the memory of last year's upset.

But California, 22-8 under its first-year coach, Ben Braun, outrebounded the Tigers, 38-18, including 20-5 on the offensive boards. Tony Gonzalez, a junior forward who was a tight end for the Bears' football team, overcame a potentially decisive turnover by scoring Cal's final 5 points.

Gonzalez, who scored 10 points, moved as he attempted an inbounds pass with 1:46 left, allowing the Tigers (24-4) to tie at 50-50 on Mitch Henderson's driving score with 1:37 to play. But Gonzalez responded with a fadeaway 12-foot shot from the right baseline with 58 seconds to go. After Prentice McGruder's fourth steal of the game, Gonzalez made one free throw.

Brian Earl, who scored 13 points for Princeton, cut the lead to 1 with 16 seconds to play. Gonzalez, a 62 percent free-throw shooter, made two with 14.7 seconds to go.

North Carolina 82, Fairfield 74 On the night that North Carolina's coach, Dean Smith, tied Adolph Rupp's career record of 876 victories, the Fairfield Stags became one of the most unexpected challengers of his 36 seasons. Fairfield pushed the Tar Heels to the limit in its attempt to become the first No. 16 seed to win a game since the National Collegiate Athletic Association created the 64-team format in 1985.

North Carolina's emotional victory was dependent upon a remarkable series of achievements that did not secure a safe lead until the final minutes. And at the end, the standing ovation from the sellout crowd was directed at both Smith and the Stags (11-19), a team that entered the game with the second-most losses by any school in the history of the tournament.



Montana's Eric Bowie soaring over Kentucky's Jamaal Magloire during Kentucky's 92-54 victory in an NCAA West Regional game.

The Associated Press reported:

Colorado 80, Indiana 62 Chauncey Billups scored 24 points as Colorado routed Indiana, spoiling a marquee Bob Knight-Dean Smith matchup in the next round.

Billups, a second-team All-American, scored 20 points in the first half as Colorado built a 46-31 lead. The Buffaloes (22-9), making their first NCAA appearance in 28 years, went on to hand Indiana (22-11) an opening-round defeat for the third straight year.

After starting the season 14-1, Indiana lost 10 of its last 18 games. The 18-point loss matched Indiana's worst ever in 71 NCAA tournament games.

MIDWEST

Iowa St. 69, Winthrop 57 Kelvin Cato had a career-high 29 points, 12 rebounds and eight blocks to lead Iowa State.

Kanfer 80, Vanderbilt 68 James Posey and Gary Lumpkin scored Xavier's final

20 points as the Musketeers held off Vanderbilt. Posey finished with a career-high 22 points and Lumpkin had 16.

UCLA 108, Charleston Southern 78 UCLA scored the first 11 points of the game, and Jelany McCoy and J.R. Henderson finished with 21 points each for the Bruins.

In games reported Friday: **Kansas 78, Jackson State 64** Jackson State (14-16) frustrated but eventually lost to the bigger, faster Kansas Jayhawks, the nation's top-ranked team. "It wasn't the prettiest game," said Roy Williams, the head coach of Kansas (33-1). "It was frustrating, but we were active on the boards, and that ended up being the key to the game."

Trent Pulliam of Jackson State nailed 8 of 15 3-pointers and had 28 points in the Southeast Regional game.

Cincinnati 86, Butler 69 Danny Forson scored 24 points and Darnell Burton added 19 for Cincinnati, including five 3-pointers, in a Midwest Regional.

Yankees and Padres Ready a Trade for Japanese Pitcher

By Murray Chass
New York Times Service

SCOTTSDALE, Arizona — On a day when labor peace officially came to Major League Baseball, the first sign of that peace has appeared in the international arena involving the New York Yankees, the San Diego Padres and Hideki Irabu.

George Steinbrenner, who has spearheaded the Yankees' effort to secure the highly touted Japanese pitcher, had a phone conversation with Larry Lucchino, the Padres' president, and planned to talk again, according to two people in baseball familiar with the Irabu situation.

The Padres appeared ready to make a deal with the Yankees, one of the people said, but the major obstacle was the Yankees' reluctance to include Ricky Ledee, a top outfield prospect who is

coveted by the Padres. While Steinbrenner pooh-poohed that situation, he also took part in a late-afternoon conference call of the major league executive council. During that call, the council unanimously ratified the new collective bargaining agreement.

The owners had previously approved the outline of the agreement, but this vote was on the official document, complete with complex language and intricate provisions on such items as a luxury tax and revenue-sharing. Labor representatives of the players and owners, who had completed drafting the agreement two weeks ago, were scheduled to sign it Friday.

That also could be the day the Padres and the Yankees make their deal, though the Ledee factor may further delay its completion. But the fact that Lucchino and Steinbrenner spoke directly about

the trade was viewed in baseball circles as a sign that a deal was inevitable.

One person said the Padres were prepared to transfer their negotiating rights to Irabu in exchange for Ledee. Rafael Medina, a minor league pitcher, Mariano Duncan or Pat Kelly, the Yankees' second baseman, and \$4 million.

Steinbrenner presumably would have agreed to that package except that his baseball people lobbied intensively at a meeting against including Ledee, a 23-year-old Puerto Rican who in the minor leagues last season batted .305, hit 29 home runs and drove in 101 runs.

"Ledee is special; he's going to be a player," manager Joe Torre said after informing Ledee that he was being optioned to Class AAA Columbus. "We're going to let him go over there and settle in where he's going to be. What he needs to do is play."

With Ruben Rivera out indefinitely following shoulder surgery, Torre said Ledee most likely would be the first man summoned during the season if the Yankees needed an outfielder.

Torre said the left-handed hitter has a major league swing, but an official of another club said he would not hesitate to include Ledee in the Irabu package.

"It would be a steal for the Yankees," said the official, who is familiar with Yankees' minor league personnel. "Ledee has had only one good year. Before that, he was a nonprospect in his system. Medina has had arm problems in the past. He's a fringe player in baseball circles."

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Cloning Cigar: Just a Pipe Dream?

By Thomas Heath
Washington Post Service

Cigar, a thoroughbred superhorse in his racing days, has been a dud as a stud, unable to produce a foal in 40 tries. In another era, such a failure would have dashed the hopes of horse lovers that a champion would have a successor. Then along came cloning.

Allen Paulson, owner of Cigar and Brookside Farm in Versailles, Kentucky, one of the largest breeding farms in the United States, has said he "wouldn't be averse" to cloning the two-time horse of the year, now an infertile champion.

"Anyone would like to see if they could duplicate a horse like Cigar," said Mr. Paulson. "It would be exciting to see if it could be done."

But it is a prospect many scientists think is unlikely.

"It's been done once in sheep, and whether it's transferable to other species, we don't know yet," said Harry Griffin of the Roslin Institute, one of the scientists in Scotland who successfully cloned a sheep.

Frank Sulloway, a science historian and psychologist at the Massachusetts Institute of Technology, said that if a champion horse could be cloned, the results could be astounding. He estimated that cloning Cigar 400 times might produce between 200 and 300 record-breakers. By comparison, the Triple Crown-winner Secretariat produced

only one record-breaker out of the 400 foals he sired through natural reproduction.

Whether cloning a horse is possible, several horse breeders said they did not like the idea, arguing that it would reduce diversity among the animals and bring out recessive traits that could produce strange results.

"This is like a bad sci-fi movie," said Mike Pons, business manager of Country Life Farm in Bel Air, Maryland, where Cigar was born.

"You get into this cutting edge of science, and you don't know what you're going to hit."

Pons said today's thoroughbred horses are the result of hundreds of years of careful breeding, and cloning could have a disruptive effect.

"You will do more harm to the breed than good," Pons said.

He probably doesn't have to worry. Jim Peden, a spokesman for the Jockey Club, based in Lexington, Kentucky, which sets rules for breeding and racing, said Thursday. "The rules of registration into the American Stud Book are quite clear and state: 'To be eligible for registration a foal must be a result of a stallion's natural service with a broodmare.'"

Although the rules do not address cloning specifically, Peden said. "We feel the wording is specific enough to exclude cloning."

Paulson said he knows the rules would prohibit his cloned horse from

taking part in a race, but he said "if somebody asked for a patch of Cigar, I wouldn't have any objection to it."

"It would be an interesting experiment."

Jim Voss, dean of the College of Veterinary Medicine and Biomedical Sciences at Colorado State University, said more research was needed before scientists started producing armies of Secretariats.

"Things aren't known about with will happen," Voss said. "It may work perfectly every time, or you may produce something that's not very desirable."

The cloning might produce severe genetic defects in the duplicate, he said.

Even if cloning produced a replica of an animal or a human, external factors would have an effect on whether cloning could produce a superior athlete.

Cigar ended his career at age 6 as the sport's all-time leading money winner, just \$185 shy of \$10 million. He was retired to stud after he finished third in the Breeders' Cup Classic in Toronto last October. It was his second consecutive loss and third in four races for Cigar, which won all 10 of his races in 1995 en route to a 16-race winning streak, matching Citation's modern record.

Paulson said he doubted Cigar would race again, and what appears in store for the horse is a life of leisure at Brookside Farm.

SPORTS

Resurgent Pistons Slam The Lusterless Nuggets

The Associated Press
Grant Hill had 28 points and 14 rebounds, and Ours Thorpe added 22 points as the Detroit Pistons matched their victory total of last year, beating the Denver Nuggets, 102-82.

Joe Dumars added 19 points for the visiting Pistons on Thursday night, who are 46-17 after finishing 46-36 last year. Detroit completed its five-game Western Conference road trip, 3-2, and won

NBA ROUNDUP

for only the fifth time in 10 games. LaPhonso Ellis scored 28 for Denver, which lost its fourth straight and its ninth in the last 10.

SuperSonics 108, Timberwolves 92 Gary Payton scored 29 points, and visiting Seattle beat Minnesota for the 24th straight time.

The Sonics have won 13 straight in the Target Center and haven't lost to the Timberwolves since Dec. 30, 1990.

The Wolves stayed close for almost three quarters before the Sonics pulled away behind Payton, who scored 11 of his points in the fourth quarter — including the first seven of the period.

Shawn Kemp had 16 points and nine rebounds for Seattle, and Hersey Hawkins added 13 points. Larry Stewart and Terry Cummings each scored 12.

Mavericks 109, Celtics 107 Shawn Bradley scored a season-high 31 points and blocked a potential game-tying shot with 3.3 seconds left as Dallas handed visiting Boston its sixth straight loss.

The Mavericks took a two-point lead, their first of the final quarter, when Michael Finley knocked the ball from rookie Antoine Walker near midcourt and went in for an uncontested dunk with 9.8 seconds left. Bradley then

blocked a layup attempt by Walker. The Celtics had one last shot, but Walker's 3-point attempt from the left wing bounced off the rim at the buzzer.

Raptors 102, Kings 98 Damoc Stoudamire scored 16 of his 31 points in the fourth quarter to fuel a comeback that gave Toronto its third straight victory.

Stoudamire had 14 points in a 16-2 run after Toronto trailed 83-78. His back-to-back 3-pointers concluded the run and put the Raptors ahead 94-85 with 1:52 left.

Warriors 101, Cavaliers 98 Donyell Marshall tied his career high with 30 points, and Mark Price scored two crucial baskets in overtime to lead injury-depleted Golden State over visiting Cleveland.

After getting down 95-92, when Cleveland's Chris Mills hit a 3-pointer with 3:50 left in overtime, the Warriors scored the last nine points of the game.

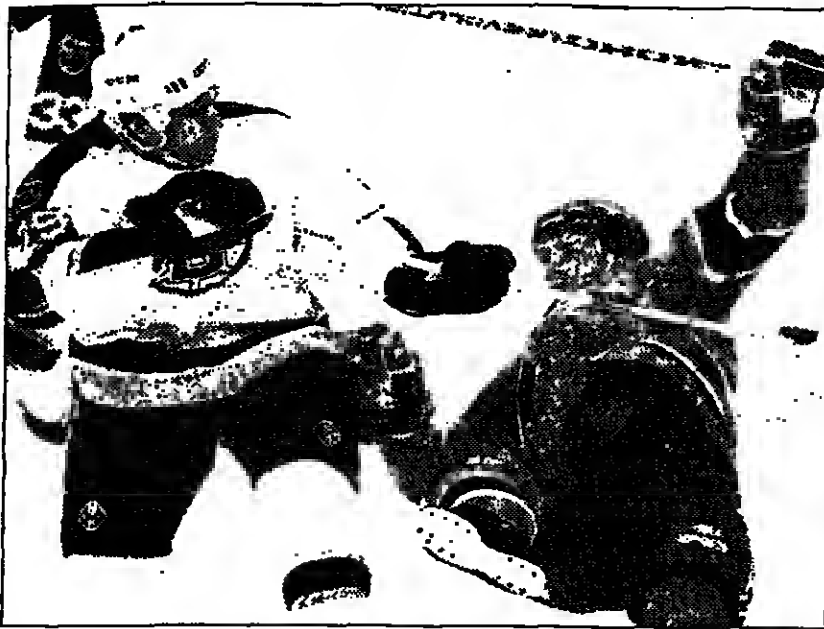
Price hit a jumper to put Golden State ahead, 96-95, then drained a 3-pointer for a 99-95 lead with 1:08 to go.

Cleveland, allowing 100 or more points for just the sixth time in 62 games, missed six shots and had three turnovers in the final 3:50 of overtime.

Clippers 96, Cedric Ceballos had 26 points and 11 rebounds to lead Phoenix, which is trying to catch the Clippers for the West's eighth playoff spot.

The visiting Suns, who went ahead for good with a 41-17 run bridging the second and third quarters, trail Los Angeles by two games in the battle for the conference's final playoff berth.

Kevin Johnson scored all 23 of his points in the final three periods, and Rex Chapman added 16 of his 22 in the second half.



The Bruins' Troy Mallette taking down Marc Bureau of the Canadiens.

Devils Whip the Whalers, 6-0

The Associated Press
Randy McKay had his first hat trick in eight NHL seasons, and Martin Brodeur posted his sixth shutout as the streaking New Jersey Devils stopped the Hartford Whalers, 6-0.

John MacLean, Steve Thomas and Bobby Holik also scored Thursday

NHL ROUNDUP

night as the host Devils won for the eighth time in nine games and stretched their overall record to 14-3-7 in their last 23 games.

Brodeur had 35 saves in collecting his 18th career shutout and putting an end to the Whalers' four-game unbeaten streak.

Panthers 5, Canucks 4 In Miami, Ray Sheppard's third hat trick this season, including his 300th career goal, propelled Florida past Vancouver.

Islanders 3, Lightning 0 Travis Green had two goals, and Tommy Salo recorded his fifth shutout of the season.

Canadians 3, Bruins 0 Jocelyn Thibault made 35 saves for his first shutout of the season as visiting Montreal defeated Boston.

Flames 5, Oilers 4 Eric Lindros scored with 43.4 seconds left in overtime to give Philadelphia a victory at home.

Blues 4, Kings 2 Sergio Morosso ended a 29-game goal-scoring drought with his first of the season, and Stephane Matteau snapped a 24-game dry spell with a shorthanded goal.

Villeurbanne Wins French Team Reaches Final 8

By Ian Thomson

International Herald Tribune

LYON — Delaney Rudd, a 34-year-old American, is the team captain, the point guard, an assistant coach of some kind, and an adviser to the front office.

As such, he usually orders himself to take the last-minute shots that

EUROLEAGUE PLAYOFFS

have advanced tiny ASVEL Villeurbanne of France far past anyone's expectations in the EuroLeague basketball playoffs.

This time, with 31 seconds left in the decisive game of the first-round series Thursday night, he couldn't get the ball back. He was under heavy guard on the left side of the floor as he watched the ball being passed around until Alain Digbeu, a 21-year-old Frenchman, swished a three-pointer to break the tie and push his team toward a 75-71 victory over visiting Esplanades Madrid.

Villeurbanne is one of eight teams left in the European Championship, with the best-of-three quarterfinals to begin March 27.

Surely the most explosive series will be Panathinaikos of Athens against Olympiakos of Piraeus, the biggest, richest Greek clubs whose rivalry is the European version of the Celtics vs. Lakers run amok. Olympiakos reached this round by the hardest possible means, with two victories at Partizan Belgrade, the latest by 74-69 Thursday under the worst kind of pressure.

Stefanel Milan survived its all-Italian playoff series against Kinder Bologna with a 78-76 victory at home after allowing a 14-point lead in the first half to dwindle to 1 point near the end of the game. Bologna's Armin Komazec (25 points), Milan will now face the difficulties presented by Ljubljana, a young team that plays possibly the most aggressive defense in Europe. Ljubljana won an upset, 63-61, at Zagreb in the third game of their first-round series.

Surging Barcelona will meet Teamsystem Bologna in a quarterfinal between two explosive teams filled with scorers. Both clubs swept through their first-round series in two games.

As for Villeurbanne, it will next meet perhaps the most balanced team in Europe, Efes Pilsen of Turkey. Rudd will be matched against Petar Naumoski, a native Macedonian who, like Rudd, is one of the most valuable players in Europe this season. The difference is that Naumoski has a stronger team around him, and Efes Pilsen will also have the home court advantage.

On Thursday, Efes Pilsen exercised that advantage to a 84-69 victory over visiting Maccabi-Tel Aviv to win its first-round series.

The home court was crucial to Villeurbanne, which went to the foul line 32 times (converting 20), compared with only nine such attempts for visiting Esplanades.

Nonetheless, the Spanish appeared capable of winning late in the first half, while Rudd was resting.

SCOREBOARD

BASEBALL

EXHIBITION BASEBALL

THURSDAY'S GAMES

St. Louis 5, Atlanta 4
New York Mets vs. Houston, p.m., rain
Los Angeles 5, Philadelphia 2
Florida 4, Baltimore 1
St. Louis 4, Cleveland 1
Pittsburgh 12, Boston 2
Kansas City 5, Cincinnati 1
Chicago White Sox 4, Detroit 1
Texas 8, Minnesota 5
N.Y. Yankees 4, Toronto 1
N.Y. Yankees 6, Cleveland 5, p.m., rain
Colorado 3, Milwaukee 4
Oakland 4, Chicago Cubs 5
San Diego 17, Anaheim 8

BASKETBALL

NBA STANDINGS

EASTERN CONFERENCE

ATLANTIC DIVISION

New York 47, 17, 734
Boston 44, 16, 730
Orlando 34, 28, 548
Washington 29, 33, 548
New Jersey 18, 44, 290
Philadelphia 16, 46, 280
Detroit 12, 52, 118

CENTRAL DIVISION

Chicago 46, 17, 730
Dallas 43, 20, 583
Charlotte 41, 22, 581
Cleveland 34, 28, 548
Indiana 30, 32, 584
Atlanta 26, 36, 419
Toronto 23, 49, 365

WESTERN CONFERENCE

PACIFIC DIVISION

Seattle 44, 18, 710
L.A. Lakers 42, 20, 677

PORTLAND

SEATTLE

THURSDAY'S RESULTS

Portland 36, 28, 563
Seattle 28, 28, 174
Phoenix 25, 38, 397
Golden State 24, 39, 381

WEDNESDAY'S RESULTS

Portland 36, 28, 563
Seattle 28, 28, 174
Phoenix 25, 38, 397
Golden State 24, 39, 381

NATIONAL INVITATION TOURNAMENT

THURSDAY'S RESULTS

NCAA TOURNAMENT

THURSDAY'S RESULTS

FIRST ROUND

EAST REGIONAL

SOUTHEAST REGIONAL

MIDWEST REGIONAL

WEST REGIONAL

NHL STANDINGS

EASTERN CONFERENCE

ATLANTIC DIVISION

CENTRAL DIVISION

NORTH DIVISION

WEST DIVISION

EUROLEAGUE

ELIMINATION ROUND, 32-64

THURSDAY, MARCH 14

Lyon 75, Villeurbanne 75

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VILLEURBANNE, FRANCE

THURSDAY'S RESULTS

NCAA TOURNAMENT

THURSDAY'S RESULTS

FIRST ROUND

EAST REGIONAL

SOUTHEAST REGIONAL

MIDWEST REGIONAL

WEST REGIONAL

NHL STANDINGS

EASTERN CONFERENCE

ATLANTIC DIVISION

CENTRAL DIVISION

NORTH DIVISION

WEST DIVISION

EUROLEAGUE

ELIMINATION ROUND, 32-64

THURSDAY, MARCH 14

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NORTHWEST DIVISION

THURSDAY'S RESULTS

NCAA TOURNAMENT

THURSDAY'S RESULTS

FIRST ROUND

EAST REGIONAL

SOUTHEAST REGIONAL

MIDWEST REGIONAL

WEST REGIONAL

NHL STANDINGS

EASTERN CONFERENCE

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ELIMINATION ROUND, 32-64

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DAVE BARRY

Isaac and the Apple, Updated

MIAMI — Settle back, because today I'm going to tell you the dramatic true story of what happened when some Japanese researchers decided to re-create the historic discovery of the law of gravity.

As you recall, this discovery occurred in an English orchard in 1666, when, according to legend, Isaac Newton, the brilliant mathematician, fell out of a tree and landed on an apple.

No, hold it, upon reviewing the videotape I see that in fact the apple fell out of the tree and landed on Newton. Had this occurred today, of course, Newton would have simply put on a foam neck brace and sued. But those were primitive times, and Newton was forced to settle for discovering the law of gravity, which states:

"A dropped object will fall with an acceleration of 32 feet per second, and if it is your wallet, it will make every effort to land in a public toilet." Later on, Newton also invented calculus, which is defined as "the branch of mathematics that is so scary it causes everybody to stop studying mathematics." That's the whole POINT of calculus. At colleges and universities, on the first day of calculus class, the professors go to the board and write huge incomprehensible "equations" that they make up right on the spot, knowing that this will cause all the students to drop the course. This frees the professors to spend the rest of the semester playing cards and regaling one another with hilarious stories about the "mathematical symbols" they've invented over the years. ("Remember the time Professor Hinkwattle drew a 'cosine derivative' that was actually a picture of a squid?" "Yes! Students were diving out the windows! And the classroom was on the fourth floor!")

Yes, Newton made many contributions to science, but gravity was definitely his biggest. That's why a group of Japanese researchers decided to re-create the original discovery, using an apple tree that was descended from the original Newton tree.

I found out about this project thanks to an alert reader named (really) Harley Ferguson, who sent me a story about it from an English-language Japanese newspaper called *The Daily Yomiuri*. The article states that in August 1996, researchers at the Construction Ministry's Public Works Research Institute in Arai, Japan, received a sapling descended from the original Newton tree. This sapling, according to the story, came from the U.S. Commerce Department's National Institute of Standards and Technology, or NIST, which is in charge of weights and measures.

I was curious as to why a U.S. government agency would be providing Newton saplings, so I called NIST and spoke with the official archivist, whose name (really) is Karma A. Beal. She sent me a bunch of information, which I will attempt to summarize here:

The original Newton tree — for simplicity's sake, let's call it "Bob" — died in 1814. But before Bob went to The Big Orchard in the Sky, cuttings were taken, and over the years these cuttings became trees, and cuttings were taken from those, and so now there are genetically identical offspring — let's call them "Boblets" — all over the world.

One Boblet lives at the NIST facility in Gaithersburg, Maryland. It produces

The descendant of Newton's tree is known as 'a very shy fruiter.'

apples, but not many; the information Karma Beal sent me refers to the tree as (I am not making any of this up) "a very shy fruiter."

The story gets a little murky at this point, but apparently the sapling sent to Japan for the historic re-creation of Newton's discovery was grown from a seed from one of the NIST Boblet apples.

This is significant, because if the sapling came from a seed, as opposed to a cutting, it is probably NOT a pure Bob descendant. As the NIST states, "the original flower was almost certainly pollinated by some other tree." (Trees are total sluts this way.)

But let's not be picky. The important thing is that the Japanese researchers had a sapling that was in some way connected to the original historic Bob. According to *The Daily Yomiuri*, their plan was to videotape the exact moment when the very first apple fell.

The sapling was planted, and it produced a single apple. The researchers set up a video camera. All was in readiness as, day by day, the apple grew riper and riper, getting closer and closer to the big moment. And then, finally, it happened: A local resident, who knew nothing about any of this, wandered by, saw the apple, and ate it.

So the researchers never did get to videotape the apple falling in a historic manner, although the article states that "they did get scenes of the man munching on the apple." The man is quoted as saying: "It just tasted really bad."

But this does not mean the project was a waste of time. Often, in science, so-called "failures" produce the greatest discoveries. And this project resulted in a discovery whose value to humanity cannot be overemphasized. I refer, of course, to the fact that "Shy Fruiter and the Saplings" would be a great name for a rock band.

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Green Power: The Irish Pub Invasion

International Herald Tribune

PARIS—The wearing of the green has passed from a tradition to a concept, in other words to a rich source of profit. Since Guinness launched its Irish Pub Concept in 1992, more than 1,200 Irish pubs have opened in 35 countries and the current average is one per day all over the world, most recently O'Malley's in Shanghai. Germany has the greatest number of Irish pubs but France has the greatest potential, according to Bennett Holmes, who launched the concept in France for Guinness in 1994. St. Patrick's day, March 17, is the biggest day of the year, an occasion not only to push the pints but, says Holmes, a celebration of being Irish.

In Nice's only Irish pub, the Scarlet O'Hara, a non-Guinness establishment that Alan and Jacqueline Wells opened 12 years ago, the St. Patrick's

MARY BLUME

blast will last 48 hours with live music provided by two fiddlers, one Irish-French, the other a local from Provence. You don't have to be Irish to celebrate Irishness: Pierre Joannon, who is the honorary Irish consul in Antibes and is sometimes referred to as O'Joannon, regards Ireland as the Mediterranean of the North. Marcel Pagnol's Fanny and Marius, he maintains, could hail from Eire.

The French, especially Parisians, have become eager consumers of concepts from Valentine's day, unknown here 10 years ago, and now St. Patrick's day. The success of Irish pubs mirrors the decline of the French café and a Europe-wide increase in beer-drinking among the young. The chief marketing tool in France and worldwide is Irish warmth.

"You walk in here and you almost breathe a sigh of relief," says Jessica Dempsey, manager of the Coolin in the Marche Saint-Germain, which Brian and Catherine Spain opened a year ago after triumphing with an Irish pub in Madrid. "You feel you have left France and you are into something that's very friendly and cozy."

In an Irish pub people are always mixing with other people. The French see that and think we don't have to be so reserved," says Brian Spain. After starting with half pints, they progress to a pint of Guinness or Kilkenny but they do not get rowdy. "Not at all," says Jessica Dempsey, "but they love to see the Irish get rowdy."

Holmes, who manages the French operation for Guinness, is working now on projects in Cannes, Monaco, Lyon, Grenoble, Bordeaux and a second pub in Antibes. A pub at the Charles de Gaulle airport is scheduled for this year; the largest Irish pub in France is at Orly, big enough to park a MIG-25 jet fighter, or several pink elephants.

Guinness makes no investment in the pubs but Holmes veils prospective publicans, gives advice and has certain rules: dartboards are encouraged because darts is convivial; pinball machines are banned because they are solitary, noisy and ugly. No carpeting or neon lights, and the head on a glass of beer must measure between 17 and 22 millimeters. And, most important, there must be at least two Irish bartenders to create atmosphere.

To be part of the Guinness Irish Pub Concept, the candidate must have at least 1 million francs (about \$175,000) in ready money and high motivation. Working with Kronenberg, which distributes Guinness product in France, they get advice on sites, legal and architectural counseling and marketing tools such as St. Patrick's and Halloween kits.

Through a design company, investors can choose



between five pub types, available in kit form and suitable for use throughout the world, and they can also get a manual of recipes and the Guinness Guide to Irish music.

Although Irish pubs existed abroad before Guinness launched its concept, Holmes says that the newer pubs reflect the young, new entrepreneurial Ireland. Romantic Ireland's dead and gone. "Yes, the Irish are a friendly nation but we're not all redheads and we're not all fluent Gaelic speakers who do Irish dances," said Holmes, a brunet. "I think we're the only ones trying to get that across — most go for the red hair and old posters of Ireland with the postman on a donkey."

Friendliness and warmth are the key selling points. "They have a much better ambience than French cafés," says Sousana Pineiro, a Paris-based Spanish functionary. She is not a beer-drinker. "The wines tend to be lousy but I don't care, that's not what I go for."

Sally Sibo, a Unesco employee from Uganda, says that in cafés people have one or two drinks and leave. "I would have no problem going alone to an Irish pub, while a French café I'd have big problem there. You can't walk up to a group of people and say, hey what are you laughing at." French cafés where

people laugh are rare and French cafés where strangers buy each other pints are nonexistent. In an Irish pub Sibo often finds herself with six pints sent over by strangers.

"A pub is a local, it's where you hang out," she says. "After a while everybody talks to everybody else, you don't stick to your own group. In the end, everyone in the pub is talking to everyone else."

The French have trouble getting into the spirit so Sibo prefers pubs with an international clientele. So does Pineiro. "The ones to avoid are those filled with *jeunes cadres dynamiques*."

Sibo's list of pub crawls is truly impressive, two favorites being the Flann O'Brien and the Oscar Wilde which stays open until 4 A.M. Pub names can be tricky and Holmes, who has a list of suggestions such as Fitzgerald's or Finnegan's, has been distressed by such proposals as The Winston Churchill and The Queen's Corner. "We have to explain that we are not *britannique* but Irish."

The Scarlet O'Hara in Nice may sound as inauthentic as their *chili à l'Irlandaise* but the chili has beer in it and co-owner Jacqueline Wells says the name is just right for France. "Scarlett's father was Irish but her mother, people forget this, was French."

PEOPLE

RUSSIA's president, and now (populist) art critic, Boris Yeltsin, has criticized Moscow's leading monumental sculptor, whose works have triggered protests from a population weaned on massive Soviet art monuments of dubious quality. Yeltsin told Russian media chiefs that Zurbab Tsereteli's monuments, including an homage to Peter the Great now in the works, were not beautifying Moscow. The huge statue of the czar, holding a ship's steering wheel as a symbol of the Russian fleet he created in the 18th century, now stands amid scaffolding on the Moscow River not far from the Kremlin. "Don't we have other sculptors and artists?" Yeltsin asked.

Actor Brad Pitt, once dubbed "the sexiest man alive" by one magazine, was arrested nearly 10 years ago for exposing himself, according to "Inside Edition," a tabloid TV show. Pitt and two buddies were taking a break from the 1988 filming of a low-budget movie called "Cutting Class," when they decided to flash oncoming traffic, the show reported. It said that according to the police report Pitt pulled down his shorts and exposed himself. Pitt pleaded no contest to disturbing the peace, paid a \$450 fine and got two years' probation. Cindy Guagenti, Pitt's publicist, denied the story.

At 40, supermodel Jerry Hall is starting a new career in television. The wife of Mick Jagger has signed a contract with the British satellite channel Granada Sky Broadcasting to present a one hour showbiz magazine program over two weeks. The program will feature Hall interviewing the rich and famous.

Superstar movie scriptwriter Joe Eszterhas is giving something back to his hometown of Cleveland: "Male Pattern Baldness." It's his new screenplay, a comedy about a man trying to make sense of his life. Eszterhas said shooting will begin in Cleveland in January. "Cleveland is the only real hometown I've ever had, and I'm glad that I can give something back to the people and the town that treated me with great feeling and affection when I was growing up here," he said. The movie will be directed by another native of the area, Betty Thomas. Eszterhas wrote "Flashdance," "Basic Instinct" and "Showgirls."

A lawyer for the actor Rip Torn says his client has won \$475,000 in a defamation lawsuit filed against Dennis Hopper. Attorney Robert Chapman said the suit concerned comments Hopper made on "The Tonight Show with Jay



OPENING — Jennifer Lopez, who plays the leading role, arriving for the Hollywood premiere of "Selena," about the singer who was murdered in 1995.

Leno" in May 1994. Hopper was speaking about the movie "Easy Rider," which he starred in and directed. Hopper said he had talked with other actors about playing the role of a boozey lawyer, which went to Jack Nicholson. Hopper said Torn had not gotten the part because he pulled a knife. Torn sued and was awarded \$300,000 for loss of income and \$175,000 for emotional distress in a March 7 judgment. Chapman said.

A syndicated radio therapist known to scold weak and self-pitying callers started crying on her show the day after a columnist called her snooty. Laura Schlessinger, author of "Ten Stupid Things Women Do to Mess Up Their Lives," broke down and confessed to having a "personal and spiritual crisis." The admission came after Schlessinger, known as "Dr. Laura" to listeners, was upbraided in *The Dallas Morning News* by columnist Marilyn Schwartz for her actions while addressing a Jewish women's group in Dallas. Several of the 1,300 people who attended the function said they were appalled by the broadcaster's actions. "I was never so insulted in my life," Myra Cohen said. "She was nasty, arrogant, insulting. Her remarks were disgusting. She was putting down everyone in that audience." Terrell Manley added: "At the dinner, she wouldn't even speak to people who spoke to her." Responding to the criticism on her show, Schlessinger wept on the air and said she was giving her appearance fee to charity.

William Faulkner's relatives are threatening to withdraw all of his personal effects from the University of Mississippi if a statue of the writer is erected as planned on the city square of Oxford, Mississippi. They are also threatening to boycott the unveiling, set for September. By putting the statue in front of City Hall, "what they are trying to do is have a tourist attraction. That is the worst thing that William could have thought have happen to him," said Jimmy Faulkner, the author's nephew, who added that the cemetery would be the best place for the statue because the writer — winner of both the Nobel and Pulitzer prizes — was such a private man.

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GREECE	DR	16,200	9,100
IRELAND	IR£	52	26
ITALY	ITL	145,600	58,000
LUXEMBOURG	LFR	3,380	1,350
NETHERLANDS	FLG	195	78
NORWAY	NOK	832	390
PORTUGAL	ESC	11,960	5,000
SPAIN	PTAS	11,700	5,000
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